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# **Near East/North Africa Report**

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13 August 1980

## NEAR EAST/NORTH AFRICA REPORT

No. 2164

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PLO REPRESENTATIVE COMMENTS ON EUROPEAN MIDEAST INITIATIVE

LD181425 Riyadh AL-RIYAD in Arabic 13 Jul 80 p 11

[Interview with Ibrahim al-Sus, PLO representative in Paris, by Hassan al-Tulayli in Paris; date not given]

[Excerpts] AL-RIYAD: The EEC countries have promised to hold contacts with all the parties concerned with the Middle East conflict with the aim of ascertaining their views on the Venice statement and enabling the European countries to determine the form of a special initiative they might carry out.

What is the PLO's comment on this promise? Have there been any contacts between it and the European countries in this regard?

Al-Sus: So far there have been no contacts between us and the European countries outside the bilateral relations that the PLO has with some of these countries. In fact we were waiting for clear and just stands on the part of the European countries, especially France. We hope that France and the European countries will hasten to hold contacts with us not only to ascertain our views on the Venice statement, since we have already informed the French authorities of the PLO's views, but also in order to develop relations between us and France and the various European countries so that we will explain to the governments and peoples of these countries the aspects of our just cause.

In fact, we would like and even expect the European countries to take certain initiatives, particularly within the United Nations. We emphasize this point since the Venice statement contained a clause referring to guarantees that within the UN framework, that is the resolutions issued by the General Assembly and particularly Resolution 36-32.

AL-RIYAD: It is known that Israel is continuing with the policy of intimidation and settlement and that it refuses to recognize the Palestinian people's rights. So far Europe has shown that it is revolving in the U.S. orbit while the United States says it will not go beyond the Camp David agreements, a fact of which the Arab countries are

aware. Is there a new approach to the problem apart from verbal condemnations that could emerge at the next Arab summit? What has the PLO prepared for this summit?

Al-Sus: The Baghdad summit and Tunis summit resolutions and the resolutions of the conferences of the "Steadfastness and Confrontation" Front were clear concerning the Camp David agreements in that they rallied the Arab ranks in opposing these agreements. But the Arab world so far has not managed to formulate a unified plan to confront not Camp David--since confrontation means placing the Arab ranks in a defensive position, which is wrong--but the Zionist entity.

The Arab stand has rejected Camp David both as a whole and in detail. The PLO, and particularly the Steadfastness and Confrontation Front, has sought to consolidate the Palestinian people's rights in the international arena from a position of rejecting Camp David. The provisions of this agreement are not binding on any Arab party, including the Palestinian party.

AL-RIYAD: On what basis can it be said that confronting Camp David means placing the Arab ranks in a defensive position?

Al-Sus: It is wrong to say that it is necessary to lay down a plan as an alternative to Camp David because it would mean putting the Arab homeland in a defensive position. The Arab stand is still on the offensive although the forms of this offensive have not been defined. The mere failure of Camp David means the success of the offensive, which I would like to call the Palestinian offensive because the PLO has been very active on the Arab and international levels before and after the Camp David agreement. This means there is no interruption in our strategy on the international level. We do not classify things as before and after Camp David. The only thing to say is that our plan is clear and based on clear objectives--which is that any solution for the Middle East problem must be based on solving the Palestinian problem. That means respecting the Palestinian people's right to self-determination and the establishment of an independent state of their own and to return to their usurped land. All these rights are provided for in General Assembly Resolution 36-32 to which I have just referred.

AL-RIYAD: It is being said that Carter might change his hard line toward the PLO in particular and the Middle East problem in general if he is reelected as president. Do you expect anything from Carter if he is reelected?

Al-Sus: We hope for nothing from the United States. It is wrong to say that we must wait for the U.S. elections. This is a wornout disc to which the Arabs have been listening for the past 30 years. They say wait for the election results and when the results appear they say wait for the outcome of the next results. There is nothing else.

It is wrong to believe that the right U.S. solution will come after the elections. Everything that has been said in the past and what is being said today on this subject is only meant to curb any Palestinian move or clear Arab action or a practical stand at the United Nations in particular. What is being said is merely designed to cover up the campaigns of repression and terror to which the Palestinian people are subjected.

CSO: 4802

PLO SPOKESMAN COMMENTS ON CULTURAL INFLUENCES ON ARABS

LD111249 Kuwait AL-WATAN in Arabic 9 Jul 80 p 11

[Interview with Yasir 'Abd Rabbuh, head of PLO Information and Culture Department, by Ghaliyah Qabbani in Damascus; date not given]

[Excerpts] The PLO delegation to the Arab culture ministers' conference which was held in Damascus from 28 to 30 June submitted a paper about the Zionist onslaught against Palestine's cultural heritage and Palestinian archeology. The delegation also submitted several proposals which were contained in the conference's final statement. These include:

Taking practical steps to protect Palestinian cultural heritage and archeology in the occupied territories;

Supporting national publishing establishments in occupied Palestine and republishing and distributing in the Arab countries cultural and literary materials published by them and translating some of them into foreign languages;

The production of a historical and archeological film about Jerusalem.

AL-WATAN had an interview with Yasir 'Abd Rabbuh, head of the PLO Information and Culture Department, in which he spoke about the efforts being made to resist the Zionist cultural invasion of the occupied territories. He said: One of our basic duties, particularly during the past years in which Zionist activities to Judaize the occupied territories have been intensified, is to work on the cultural and educational level in order to preserve the Palestinian national heritage and to project its ancient historical origins which are an expression of a people with its own original and national characteristics. Our work in this regard proceeds in two directions: First inside the occupied territories and, second, on the international level with the aim of exposing the Zionist falsification of our national culture and the attempts by the various Zionist bodies to unjustifiably assume some of the appearances and forms of this culture and to present it as being part of the Zionist culture.

The PLO is doing all it can and is devoting its efforts to develop the national culture, art, and artistic creativity, particularly since such creativity at the present stage reflects the determination to resist, expresses our people's response to struggle, and constitutes an important element in moral mobilization in order to continue the struggle.

[Question] Views at the conference differed regarding the form of boycotting al-Sadat's regime. It was suggested by some that, for example, diplomas given by Egyptian universities and educational institutes should not be recognized. What is the PLO's stand on this matter?

[Answer] We are seeking to preserve the Egyptian people's links with their Arab brothers in the various cultural and educational fields. It can be said that our principal task is to struggle against al-Sadat's policy which is seeking to separate the Egyptian people from the rest of the Arab people and inculcate in them a spirit of hostility toward, and renouncement of, the Arab national liberation struggle. In the meantime we should resist and boycott all the cultural forms and capitulationist ideas which al-Sadat is exporting as well as all the work of the semi-cultured clique which is trying to propagate his line and policy. On the other hand it is our duty to seek to convey to all the Arab peoples Egypt's true voice which is being loudly raised by all the nationalist intelligentsia which is resisting the imperialist-Zionist cultural invasion of Egypt and struggling so that Egypt will pursue a nationalist progressive line and will remain the vanguard of struggle of all the Arab peoples.

National Egyptian cultural output unfortunately does not find its way to the Arab publishing media despite its richness, depth, and the fact that it reflects the Egyptian people's spirit and the history of the long-standing struggle, as distinct from al-Sadat's falsifications which continue to infiltrate the Arab markets.

Therefore, it is our duty to open the doors to those honest cultured people of Egypt and to maintain and develop ties with them and do the same thing with all the educational institutes and universities.

CSO: 4802



ISLAM IN AFRICA: STABILIZING OR EXPANSIONIST?

Paris REVUE AFRICAINE DE STRATEGIE in French Apr-Jun 80 pp 7-9

[Article by Jean-Paul Charnay\*]

[Text] Sub-Saharan Africa, the dark continent which, for Europe, remained "terra incognita" up till the middle of the 19th Century, is perhaps the part of the Third World which was most de-structured by colonization: for its civilizations were the furthest removed from the socioeconomic and technical breakthrough which followed the Renaissance, and because imperialism, cutting through its ethnic groups and cultures, created spheres of influence and drew absurd borders. Now this Africa is presently hemmed in by two geopolitical belts, two types of exogenous pressure: Arab antagonisms to the north, proto-Marxist regimes (Angola, Zimbabwe, Mozambique) in the south.

In the north, the Western Sahara conflict pits Morocco against Algeria, this latter hoping through the installation of an independent Saharan state to gain more easy access to the Atlantic for exporting its ores and hydrocarbons. The United States is becoming Algeria's main trading partner. On its side, Morocco remains preoccupied with a geohistoric expansion out of a need for internal equilibrium and for control over the price of phosphates, and out of worries about [its] economic power. But, beyond this conflict, the Polisario poses the problem of the re-integration of its ethnic groups or their dismemberment and assimilation into state frontiers resulting from the colonial regime.

Now beyond the aid Libya has brought to certain organizations in Chad by a sort of ideological "international brigade," the "Islamic army," Colonel Qadhdhafi can take the credit for the idea of being together in one vast

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confederation all the peoples of the southern border of the Sahara, to become the "United Islamic States of the Sahel," extending from the Atlantic to Chad, perhaps even to the Red Sea.

This project is based, historically and geopolitically, on the memory of the great empires which, for centuries, flourished in this area. Ecologically, it is based on the hazardous and changing character of territorial border areas which, on this "waste land," alternating [in usage] between trans-humance [nomadic grazing] and horticulture in localized areas, were never stabilized. Ethno-culturally, it plays against the corruption of the cities, their invasion by the fall-out of machine civilization, it conjures up the great nomadism which refers back to the purity of the epoch of the Hegira, to the willing steadfastness of the original Islam. All the prophets go to the desert, and Mu'ammār Qadhafī has recalled this: his people and he can "turn off the tap," spurn the oil revenue, and break the back of the West by returning, without regrets, back to the Bedouin's tent.

So, this reconstituted aura of the descendants of the great nomads would serve as a base for a deeper advance of Arab Islam toward the south. Beyond its commitment to Chad, Libya's support of regimes as controversial as were those of Idi Amin or Bokassa subtends Colonel Qadhafī's complaint that French policy aims at "inhibiting the expansion of Islam" south of the Sahara. Niger's uranium is also on the horizon.

In the south, in Angola, and Mozambique, socialism rests militarily and ideologically on the Cubans and East Germans. From which arise the fears of their neighbors to the north in front of the possibility of a military invasion, a Shaba writ large, or a disaggregation and transfer politically and ideologically.

But these fears cannot find full expression, for these states are the Frontline against segregationist South Africa: as such they must be supported in their resistance against the south, but as destabilizers they must be contained where they exert pressure toward the states to the north. From which arises a major contradiction, made even worse by the OAU's high-sounding principles in support of Zimbabwe and against South Africa, and in general by the general tendency of communism, which is finding the countries Islamicized long ago very poor terrain, to gain further ground in countries of diversified religious affiliations: such as the countries bordering the socialist belt in the south.

Which brings us to the general political evolution which, in west Africa in particular, seems to be consolidating in governmental circles and the social classes which support them:

--Preservation of the principle of the sanctity of the borders inherited from the colonial epoch; called for not by the OAU Charter but by the Cairo Summit

of 21 July 1964, Nkrumah having then abandoned his hope of a general rectification for the benefit of the separated ethnic groups, in order to avoid an explosion of the continent. Thus acceptance of anti-secessionist type wars such as in Katanga, Biafra, or Chad.

--Proliferation of local bilateral agreements, dealing with the fate of such ethnic groups as those split between Ghana and Togo and those split between Ghana and Upper Volta, the Kano conference on Chad, in order to avoid brush-fires and regional festerings. These two principles are thus opposed to the creation of an autonomous federation of the great nomadic peoples of the north--the Moroccans, the Algerians, and the Sudanese would be equally opposed--as they are to the military, geographical, and ideological proximity of the POLISARIO struggle, the war in Chad, and the conflicts on the Horn of Africa.

--Willingness to involve the West, France especially, in the defense of west Africa. On this point, all the official and semi-official interlocutors are very clear: France must understand that it has enemies, that it is in a near-war, by itself, against the Soviet thrust led by the Cubans and the East Germans. This poses, moreover, the problem of maintenance of logistics, of the [burden of] local instruction which France can sustain, and of the credibility of an operation led from France. It was the Hercules (American transport aircraft) which convoyed the paratroopers to Shaba. This technological servitude is the reflection of a large and vulgar geopolitical and geostrategic opposition--Americans against Russians, through the interposition of French or Germano-Cubans--which, despite all the official French and African denials, many Africans resent. This leads to the fear that French intervention would be inadequate to deal with a serious destabilization.

But such willingness results in a second major contradiction for the statesmen: being protected by the West, without breaking off the rhetoric--unanimous in public discourse--of anticolonialism, the denunciation of imperialism renewed by economic, technological, and cultural neocolonialism. Of course, Chinese support being presently unavailable, a rejection of Soviet satellitization, enlivened by the Afghan example, can justify the acceptance of aid from the West in order to maintain real nonalignment. In fact, the economic and cultural yoke of the West is too strong to be successfully denied. The circumstances by which the dictatorial regimes of Uganda, the Central African Empire, and Equatorial Guinea were overthrown throw into higher relief the political nature of the solution, militarily supported by another power in the first two cases, thus going beyond the principle of reciprocal non-interference in external affairs. Of course, the hope of moralizing politics in the eyes of public opinion throughout the world was evident. But beyond political moralization, beyond the affirmation of human rights and the anxiety about its "special image," appears the fear of destabilizing aggression. The willing to countenance the West as supreme protector in the maintenance of the present "equilibrium" is tinged with a desire.

This desire brings us to yet another major contradiction, at the institutional and juridical level, which appears in the attempts in west Africa to form regional economic and military groupings, and intending as well to go beyond the treaty of non-aggression and assistance in defense matters (ANAD) concluded between CEA0 [the West African Economic Community] and Togo, and [beyond] the sporadic nature of the Inter-African Intervention Force set up at the time of the Shaba affair that brought together Senegal, Ivory Coast, Gabon, Togo, and Morocco, or the one which should intervene in Chad.

The problem is in the organization of a system of collective regional security. Conceptually, the differences in doctrine and armament could be made up for by the fact that certain political and military officials come from the Prejuss school, "the college of African leaders" it is sometimes called, or by tailoring tactics to the missions demanded. But then would appear the problem of the presence exerted over the Francophone states people, all of them, by millions of inhabitants spread out over immense spaces, by the Nigerian giant, its oil, its 63 million people, its direct access through its great Islamic universities in the north (Zaria, Kano) to the Arab-Muslim world and, by being Anglophone, [its access] to the dominant international culture.

In fact, in spite of the cold war psychosis which shows up often in conversations, the attempts, efforts at collaboration get bogged down in nationalist concerns, and the mechanisms for decision-making and taking action remain tributary to the negotiations between leaders at the highest levels who are, first of all, preoccupied with resolving problems of internal equilibrium...

The system will thus be maintained only so long as communism appears more opposed to African ethical values, to the interests of the [governing] stratum--or clans--to the government and to those in the West who support them.

Over the long term, certainly, religious fragmentation is far from being negligible for, beyond the international and economic aspects, questions are appearing. In Sudan yesterday, in Chad still today, the Muslim-Christian religious split has been not the only, nor even perhaps the most important, but certainly one of the causes of the conflict. Factors are linked together in complex ways, and it is not extraordinary to see individuals or groups overlap and changings of political camp; detailed research on the religious and political sociology is lacking on this point. Perhaps the cultural aspect has been transferred from religious to ethnic affiliation, and tactical alliances may hide deep feelings.

In any event, the major contradiction remaining, the religious seem condemned to remain objectively united in their struggle against materialism and Marxism.

However, the relationship between Christians and the West--like that between Muslims and the Arab countries--cannot be escaped. For Christians, the relationship with the West remains vital, and they cannot, despite their

frustration at events (denunciations by African bishops of certain methods of conversion) and the long-term concerns of some politicians, freely oppose the extension of Islam at the risk of turning the Muslims against the West.

As to the Muslims, very logically, in order to oppose any overly virogous thrusts of socialism, they rely on the Arab countries where Islam is firm and stabilized.

In a manner less existential than for the Christians but still powerful, the Muslims cannot do without the West, or more precisely they feel the need to be in equilibrium with it and must therefore bend with its cultural and economic influences.

Now presently, intra-Muslim tensions relate more to geographical differences and to diversity in theological training--thus, ultimately, to differences in political alliances.

In the medium term, a reformist type islamization (cultural associations) does not jeopardize relations with the West so long as there is significant communist and socialist pressure. But if the latter became attenuated, and if an Islamization of the Wahabite type became popular, the ensuing literalism of the newly converted could entail social and ideological destabilization, and serious confrontations which could impact on current political and economic systems.

9516

CSO: 4800



## KABUL ADMINISTRATION REPORTED TO BE PARALYZED

Islamabad THE MUSLIM in English 23 Jul 80 p 1

[Text]

LONDON, July 22: The mysterious absence from Kabul of several prominent Ministers of the Karmel Regime has been mentioned in diplomatic reports received in London, reports IINA correspondent.

According to these reports, the fighting in the ruling party, between its Khalq and Parcham factions, has reached such a pitch that the Administration is practically paralysed, and most of the administrative decisions are being taken by the Russians. The Khalqs claim the loyalty of nearly 80 per cent of the officers in the Army and the Air Force.

The reports mention a lull in the freedom fight, and say that the Mujahideen are gathering forces for the post-Olympics offensive which the Soviets are getting ready to launch. In the three months between the end of the Olympics and the onset of Afghan winter, the reports say, heavy fighting is likely.

According to BBC, there has been a significant increase in the Soviet troops build-up in Afghanistan during the last week with tanks and artillery again placed at strategic points.

Quoting diplomatic sources reports reaching New Delhi, BBC said big security measures have again been put into operation on a large scale, with troops patrolling the streets in Kabul.

Reason for the increased military activity is the widespread fear of reprisals from counter groups following last Sunday's reshuffle in the Afghan Government as well as to counter increased resistance from the freedom-fighters during the month of Ramadan. Shopkeepers have been told not to close their shops.

In an area, 20 miles from Kabul, there were reports of aerial strafing and bombing in which many people were killed.

**HEAVY FIGHTING:** Hish-e-Islami, in a Press release, has meanwhile mentioned heavy fighting between the Mujahideen and Russian forces in Kunat Province, with heavy casualties on the enemy side.

The release said 12 local Communists were killed, while one armoured car and one Russian truck were completely burnt. It also reported of a bold Mujahideen attack on Friday on a government convoy in Tangy area on Kabul-Jalalabad Highway. Russian tank and a heavy truck were reported smashed in the incident. The truck was stated to be loaded with fresh supply of weapons and ammunition.

According to a report from Farkhta Province, Mujahideen blocked the road in Hani Khil area and destroyed a tank which was escorting a convoy of Russian troops. They reportedly captured lot of ammunition in the clash and

inflicted heavy casualties on the Russians.

As many as 44 Russian troops were also reported killed when Mujahideen caught them in a separate attack in Polykhomri District.

**DISAPPOINTMENT:** Afghan resistance fighters are disappointed at the lack of aid they have received from Islamic nations in their struggle against Soviet occupation forces, an official of the Islamic Council for the Liberation of Afghanistan said during a news conference in Bonn yesterday.

Jalil Shams, Secretary-General of the organisation, said about a half million resistance fighters had been killed since the first Communist Government came to power in Kabul two years ago. Mr. Shams said his organisation had received moral support but no concrete help from other Islamic nations and he denounced "Moscow's efforts to divide the Muslim world over the Afghan affair."

He called on the West to "reinforce its political pressure on the Soviet Union."

He said his organisation represented most Afghan resistance groups with the exception of Socialists and other Leftist groups. —IINA/PPI/AFP



## KHALQ-PARCHAM OPEN BATTLES FEARED

Karachi DAWN in English 25 Jul 80 pp 1, 5

[Text]

NEW DELHI, July 24 The Afghan capital Kabul is rife with rumours of impending open battles between followers of the Khalq 'Masses' and Parcham 'Flag' wings of the ruling People's Democratic Party, according to travellers arriving here from the city today.

A West German tourist, who did not want to be identified, said it may happen today or it may happen tomorrow.

The tourist, who spent three weeks in Kabul, added that the rumours were particularly strong since the reported arrest of the pro-Khalq Interior Minister, Syed Mohammad Gulabzoi, and the take-over of his functions by President Babrak Karmal last week.

He said the supporters of Mr Gulabzoi were still numerous and powerful within the ruling party, and were said to be preparing for a showdown.

The tourist said he had also heard reports of the killing of the Education Minister and Deputy Interior Minister in faction fighting, but there was no way to confirm them.

He had seen an increase in the number of Russian tanks at strategic road junctions and near important buildings, he said.

Road blocks and barricades manned by Russians had become more numerous since the reports of Khalq-Parcham feuding, he added.

The Press Trust of India said today Radio Kabul had confirmed the death of a Deputy Education Minister, who was not named.

## KILLINGS

A series of killings has hit senior and middle-ranking Afghan Government officials here since the Moscow Olympics began on Saturday.

The Chairman of the state-owned international airline, Ariana Afghan Airline, Mohammad Nader, was assassinated on Saturday evening in his home.

And the Deputy Director of the Education Ministry, Mohammad Ali Yousufi, was killed on Monday.

Yesterday, three headless bodies were found in the residential areas in downtown Kabul, and the victims were identified as middle-ranking officials on the Education Ministry.

Rebel sources here have claimed responsibility for the killings, but strangely the state-owned newspaper, New Kabul Times, has ignored news about the killings.

The Education Ministry controls sports, and the Afghan Olympics team had left for Moscow by the Ariana Airlines flight.

Alarmed by the sudden spurt in guerrilla activities in the Afghan capital, the authorities have deployed a new type of tank at all important points in the city.

The number of armed guards has been doubled and street patrols by Afghan militia have been intensified.

The new type of tank is described by diplomatic circles here as a "cross between a regular tank and an armoured personnel carrier."

The tanks are the new addition to the Soviet armour in Afghanistan, and the Khalq Khanna, official residence of Afghan President Babrak Karmal, is protected by four of them.

Authorities have also intensified the checking of identity cards. At the busy shopping centre--Chicken Street and in downtown Kabul, Afghan militia were seen checking every Afghan.

#### Checking

A van was parked, and suspects were asked to board. One by one they were released after checking of their papers. Those found without proper identification papers were whisked away by army jeeps to an unspecified place.

There were rumours here on Friday that the guerillas would mount an attack on the capital on the eve of the Moscow Olympics.

Apparently, the Government gave credence to the rumours and people were asked to remain indoors after the mass prayer.

Eye witnesses said that at least 60 tanks were deployed in the city and helicopters hovered on the sky during the day.

Foreign missions also advised staff members to remain indoors. However, the day passed without any incident.

#### Vacations

The Afghanistan Government has added 10 extra days of vacation for schools and universities in an apparent response to growing student unrest and attacks on education officials.

Islamic rebels said Wednesday their forces killed more than 300 Soviet troops in heated clashes near the Afghan capital of Kabul and in the southwestern province of Kandahar.

The extension of the school closings was announced by the official Radio Kabul in a broadcast monitored in New Delhi Wednesday.

It followed the announcement by the Government of the death Sunday of Deputy Education Minister Wali Yousufi. The Government gave no cause but sources in the Afghan capital said he was shot by gunmen as he sat in his car in Kabul.

The Deputy Minister reportedly directed the investigation into campus anti-Soviet demonstrations and recommended that troops fire on protestors. More than 200 students died during the violent demonstrations in Kabul in April and May.

The Russians have started issuing armor vests to their soldiers in Afghanistan to protect them from sharp shooting guerilla tribesmen.

The vests are described as similar to the "flak jackets" worn by U.S. soldiers while fighting in Vietnam.

Experts said such body armor usually will stop rifle bullets unless they are fired at close range.

"The partisans are extremely affective marksmen," said one intelligence source.

"They have been picking off Russians at long range."

Despite persistent rumours that Afghan guerillas have been getting arms aid from outside the country, U.S. intelligence sources said tribesmen still are using mostly old single-shot rifles which they've had for years.

Some analysts suggests the issuance of protective vests could be sign the Russians may be preparing to move deeper in to Afghanistan."

CSO: 4920

## KABUL SHAKEUP ATTRIBUTED TO RETHINKING IN KREMLIN

Karachi DAWN in English 25 Jul 80 p 16

[Text]

KABUL, July 24: Mr Babrak Karmal, assuming direct control of some ministries himself toward off the impression that his regime is suffering from instability, and needs tightening up, is considered by diplomatic observers as a development of no consequence.

It is argued that in view of the effective control exercised by the Russian forces and their advisers over various ministries, it is irrelevant if Mr Karmal is in direct control of the administration or his Ministers belonging to one faction of the ruling party or the other supervised their ministries. The fact of the matter is that either way the control is in the hands of those who had installed the regime.

Nevertheless some diplomatic sources believe that this reorganization at best is a further attempt to consolidate the influence of one one faction as against the other to appease the Kremlin which was showing increased sense of dissatisfaction over the way things were shaping in Kabul. It is a well known fact that the political failure of the regime to meet the challenge of liberation forces in Afghanistan has caused some rethinking in Kremlin and the future of Mr Karmal himself is uncertain. Observers here believe that with the transfer of Interior Ministry to Mr Karmal as the Chairman of the Revolutionary Council would mean more stringent measures under the cover of maintenance of law and order to eliminate rival factions from the administration. It may also increase repressive measures being adopted.

Recent reported arrest of 250 school girls for protesting against Soviet intervention is an incident quoted by observers here as a possible warning to those trying to undermine the authority. Further repressive measures may become necessary to prevent trouble, which may be created for apparent reasons. A tightened control over school teachers is also expected.

According to Radio Moscow several Ministers and departments dealing with labour and social welfare have also been reorganized and a special department has been established to handle labour which has shown signs of restiveness.

The reorganization of the presidency for introducing centralised control appears to be the last attempt by the Kremlin to give a prop to the Karmal regime in the event of this attempt failing to lend the desired stability, the Soviets may have to do some hard thinking for possible alternatives or else they may be forced to topple Mr Karmal and place the entire administration under the charge of their own armed forces which measure may call for augmenting Soviet troop deployment in and around Kabul. In that eventuality a major thrust may be borne by the freedom fighters next month, when, incidentally, the Olympic at Moscow would be over. The Soviet army is already strengthening its presence in the city. Tanks have been brought in to guard bridges and other strategic points and artillery has been positioned outside Kabul.

## REPRESSION BY KARMAL REGIME, SOVIETS DENOUNCED IN RALLIES

Lahore THE PAKISTAN TIMES in English 20 Jul 80 p 1

[Text]

Prof. Obeed Ullah of Kabul University has spoken of the atrocities being perpetuated by the Soviet-backed Karmel regime in Afghanistan, reports Radio Pakistan.

In a statement, he said patriotic and freedom-loving Afghans had been arrested in large numbers. Some of them had been killed while large numbers were being meted out most inhuman treatment in jails. He said even the students had not escaped the atrocities of the Karmel regime and the educational institutions were virtually closed.

Another prominent Afghan figure Mr. Muhammad Kazim, Amir-i-Amoo-Mi, Vilayat-i-Badakshan, said the Soviet Union wants not only to dominate the Afghanistan politically but also to obliterate Islamic traditions in that country.

Meanwhile, the Afghan students and nationals in Frankfurt marched through the city on Saturday to protest against the Soviet presence in Afghanistan.

They distributed leaflets accusing Soviet troops of carrying out tortures and executions in Afghanistan. A leaflet says a nation of 16 million was being silenced and partly exterminated. Several hundred Afghan students studying at the Federal German universities and dozens of refugees have sought political asylum in that country during the past few weeks. In Paris, several hundred demonstrators marched and shouted slogans outside the Afghan embassy.

They were joined by several members of the French Parliament. Police turned out in force to protect the Embassy which had two fire bombs hurled at it yesterday.

Several hundred people carrying banners protested against the Soviet intervention in Afghanistan in Rome. They also staged a march through the streets. While in Brussels a group of demonstrators distributed leaflets protesting against the Soviet intervention in Afghanistan. A demonstration was also staged by the Afghan nationals outside the Soviet Embassy in London. They chanted

slogans against the Soviet presence in Afghanistan. A statement issued by the demonstrators said the Soviets were trying to crush the Afghan people's freedom.

Meanwhile, the Afghan Mujahideen clashed with the Soviet and Karmel regime Al-Surkhab in Lughar Province, south of Kabul last Wednesday.

According to the Associated Press the Mujahideen killed 26 Soviet troops and lost 13 of their men.

Another agency report from Kabul has said about 3,000 boys and girls were still in jails in various parts of the country. They include many students who took part in strikes earlier this year to protest against the Soviet presence in their country.

The agency has further reported most of the Ulema in the country have been executed or have fled to foreign countries.

## GHAFFAR KHAN'S MOTIVES QUESTIONED

Lahore THE PAKISTAN TIMES in English 22 Jul 80 p 4

[Editorial: "What's Chaffar Up To?"]

[Text]

Khan Ghaffar Khan is reported to have said that the Russian intervention in Afghanistan was logical and natural and that his views were in complete accord with those of Mrs. Indira Gandhi. That the redoubtable Frontier Gandhi, who prided himself over fighting and throwing out the British, should relish the subjugation of the traditionally freedom-loving people of Afghanistan is, to say the least, baffling. The matter cannot however be dismissed as merely fantastic. There is more to it than meets the eye. First of all, the continued sojourn of Ghaffar Khan in Afghanistan while lakhs of the natives were forced to seek refuge in Pakistan, was intriguing. Karmal is said to be Ghaffar's disciple which means that the guru and chela made common cause as a result of which the former discarded Pakistani citizenship and adopted Afghan nationality. And to pursue the plan further, soon after Ghaffar left for Delhi under the ever handy pretext of treatment for some old incurable ailment. That he did enter a hospital—to provide an alibi—may be undeniable but actually he was not idle for a moment. While the highest in the land called on him, he called on all and sundry during a hurricane countrywide tour of India. And so earnest seemed to be the job in hand that he did not stay there a minute longer than was necessary. Having completed his mission, he reported back to Kabul. And just as royally was he received on arrival so was he seen off by the Indian Foreign Minister. What is hatching between Delhi and Kabul through the good offices of the inveterate Pukhtoon may not be easy to divine but the orchestrated sharp Press reaction to Agha Shahi's mention of Kashmir and arms reduction betrayed a bellicose frame of mind which should have been taken greater notice of than the "all well" report back home indicated.



## CASUALTIES, DESERTIONS REPORTEDLY REDUCE ARMY TO HALF

Islamabad THE MUSLIM in English 21 Jul 80 p 1

[Text]

ISLAMABAD, July 20: The 8,000 Afghan Army stands have been reduced to less than a half, "thanks to casualties and desertions", according to the Indian weekly Organiser of Delhi.

The Kabul Government has cancelled all exemptions to conscription. It has also lowered the age of recruitment from 22 years to 15, it said.

The weekly said the Afghan Government had raised a soldier's monthly salary from six dollars to 75 dollars and yet young men do not want to join the Army.

The weekly also said out of 8,000 students, who matriculated this year, only seven bothered to enlist in the Army.

At a different level of "resistance" Afghan street urchins, have been caught selling, poisoned oranges, and cigarettes loaded with gun-powder, to the Soviet troops, it added.

BBC said last night that more than 250 school girls have been arrested. The radio added that the arrests had been made for their involvement in a recent anti-Soviet demonstration.

BBC further said 400 other girls have also been expelled from schools and that leaflets had been circulated calling for the school

boycott to resume when the new terms start next week.

**THATCHER ATTACKS USSR:** British Prime Minister Margaret Thatcher yesterday strongly attacked the Soviet Union over its intervention in Afghanistan on the eve of the Moscow Olympic Games.

Addressing a local Conservative Party annual conference in Swansea, Wales, Mrs. Thatcher said: "Farther east is Afghanistan where Soviet brutality and repression continue unabated. The Olympic Games are beginning not only to the sound of national anthems and Olympic hymns, but against the background of gunfire in the Hindukush (Mountains) and in the villages and plains of Afghanistan".

The British Prime Minister called on the West to "respond to the Soviet challenge, a challenge which extends far beyond Afghanistan".

**AID TO MUJAHIDEEN PLEADED:** A long front-page article in New York Times today brought out the heroism of the Afghan Mujahideen fighting the Soviet occupation troops for the last seven months, their determination to make the ultimate sacrifice in the name of Islam and went on to make a strong case for U.S. military help to these men with "25 centuries of experience in guerilla warfare." -APP

## JALALABAD AIRPORT ATTACKED BY MUJAHIDIN

Islamabad THE MUSLIM in English 22 Jul 80 p 8

[Text]

PESHAWAR, July 21: The Afghan Mujahideen attacked Jalalabad airport and destroyed three helicopters and six tanks last night, says a Press release issued by the Hizbe Islami, of Afghanistan today.

During this operation 2 Afghan and five Russian soldiers were killed. After this attack Jalalabad Airport is being patrolled by the military squad.

In another encounter in Spinghar area in Mangarhar province recently, the Mujahideen killed a number of Russian soldiers. In the fighting three tanks, several armoured cars, one Russian jeep and two oil carriers were destroyed.

The Mujahideen attacked the Ghaziabad dairy farm in the same province. Report from Rodat district of Nananangarhar province said that the aggressive Russian forces supported by tanks, armoured cars and gunship helicop-

ters attacked the Rodat and Haskamena districts.

Afterwards they searched houses of the defenceless people in order to find and collect weapons and ammunitions.

Mujahideen in Chaparhar also attacked the Rodat district although, the puppet regime had sent some tanks and armoured cars for the support of the district. In the fighting 11 Parchamies were killed and three Mujahideen were injured.

Another heavy fighting between the Mujahideen and Russian troops was reported from Hada Farm.

The enemy forces were surrounded by the Mujahideen in Helmand Valley in Kandhar. As a result of one week heavy fighting, 50 Communists were killed, several tanks and military trucks were destroyed. Some weapons were

also seized by the Mujahideen.

**BOMBING:** The newspapers in London said the Soviet bombing of Afghan villages must have been due to Soviet high command's desire to silence insurgent activities during the two-weeks of Moscow Olympics.

Philip Jacobson of the 'Sunday Times', reported yesterday that the Mujahideen's tactics of ambush—bridges blown, Afghan officials assassinated in towns—seem to be to keep up an increased pressure on the Russian military machine. "There are just not enough Soviet helicopters and jets available to fly missions against every little roving band of guerillas."

The Russians cannot rely on the Afghan army. The Russians have to destroy all Mujahideen or retaliate brutally against those who support them, Mr. Jacobson said.—APP/PPI

CSO: 4920

## KARMAL'S DIRECT CONTROL SAID TO BE OF NO CONSEQUENCE

Karachi MORNING NEWS in English 25 Jul 80 p 8

[Text]

KABUL, July 24: President Karmal assuming direct control of some ministries himself to ward off the impression that his regime is suffering from instability, and needs tightening up, is considered by observers as a development of no consequence.

It is argued that in view of the effective control exercised by the Russian occupation forces and their advisers over various ministries, it is irrelevant if President Karmal is in direct control of the administration or his Ministers belonging to one faction of the ruling party or the other supervised their ministries. The fact of the matter is that either way the control is in the hands of those who had installed the regime.

Nevertheless some diplomatic sources believe that this reorganisation at best is a further attempt to consolidate the influence of one faction of the clique as against the other mostly to appease the real rulers who were showing increased sense of dissatisfaction over the way things were shaping in Kabul. It is a well-known fact that the political failure of the puppet regime to meet the challenge of liberation forces in Afghanistan has caused some rethinking in Kremlin and the future of Babrak Karmal himself

is uncertain. Observers here believe that with the transfer of Interior Ministry to Babrak Karmal as the Chairman of the Revolutionary Council would mean more stringent measures under the cover of maintenance of law and order to eliminate rival factions from the administration. It may also increase repressive measures being adopted.

Recent reported mass arrests of 250 schoolgirls for protesting against Soviet occupation is an incident quoted by observers here as a possible warning to those trying to undermine the authority. Further repressive measures may become necessary to prevent trouble, which may be created for apparent reasons. A tightened control over schoolteachers is also expected.

According to Moscow Radio several Ministers and departments dealing with labour and social welfare have also been reorganized and a special department has been established to handle labour which has shown signs of restiveness and is required to be disciplined to the tune of the controlling authority. The reorganisation of the presidency for introducing centralized control appears to be the last attempt by the Kremlin to give a prop to the

Babrak Karmal regime. In the event of this attempt failing to lend the desired stability, the Soviets may have to do some hard thinking for possible alternatives within or outside the people's Democratic Party, or else, they may be forced to topple Babrak Karmal and place the entire administration under the charge of their own armed forces which measure may call for augmenting Soviet troops deployment in and around Kabul. In that eventuality a major thrust may be borne by the freedom fighters next month, when, incidentally, the Olympics at Moscow would be over. The Soviet Army is already strengthening its presence in the city. Tanks have been brought in to guard bridges and other strategic points and artillery has been positioned outside Kabul.—PTI

## PEOPLE'S ASSEMBLY DISCUSSES ECONOMIC ISSUES

Cairo AL-JUMHURIYAH in Arabic 12 May 80 p 3

[Article by Salah 'Abd al-Ghaffar, Muhammad al-Mukhtar, and Mujdi Jamal al-Din: "Important Economic Discussions in the People's Assembly"]

[Text] In its meeting yesterday, the People's Assembly took up a number of economic issues and new draft laws. In his answers to the members, the minister of the economy discussed measures by the state to encourage saving and raise the interest rate on deposits, the situation with regard to the Egyptian pound at home and abroad, and the governments repayment of loans.

The session began with Dr Hamid al-Sayih, the minister of the economy, answering two questions by the two members Mhuammad 'Abdallah and Ahmad 'Izzat, of the National Party. The questions concerned what the ministry had undertaken to encourage and stimulate savings and raise the interest rate on deposits in local currency.

Minister al-Sayih said that the government has already been striving to grant interest rates on foreign currency deposits which keep pace with international interest rates. The purpose is to attract foreign currency to Egypt. Efforts in this direction began in the year 1968. The minister said: "With the enactment of Law No 120 of 1975, the Central Bank became the authority which fixes discount rates and interest rates applicable to depositors and borrowers, free of any restrictions provided for in any other legislation."

## Raising the Interest Rate Five Times

Minister al-Sayih said: "From the beginning of 1976 to 1 April of 1980, the interest rate was raised five times, by 1 percent each time. Also, Law No 27 of 1977 exempted interest on deposits from the tax on transfers of property. This meant that the maximum effective net interest on deposits rose from 2.4 percent at the end of 1975 to 9.5 percent at the beginning of April 1980, that is, an increase of 295.8 percent."

### Gradual Increase

In view of the fact that a rise in the interest rate on savings is necessarily followed by a rise in the interest rates charged on loans and cash advances, it was decided that the increase should take place gradually and in stages. This is to avoid negative effects which could result if there were a sudden, one-time, sharp increase. The objective at the present time is to continue the policy of a gradual increase in interest rates to borrowers, so that these rates will stay ahead of the annual rate of local inflation.

Minister al-Sayih added that the increase in interest rates on deposits in Egyptian pounds no doubt trails the trend of steep increases in interest rates for deposits in American dollars and British pounds, in view of different economic conditions in both the United States and the United Kingdom. They are two countries whose economic conditions differ from those of Egypt, which is a developing country.

This view is supported by the fact that there are other countries which grant interest rates on deposits in their currencies which are less than the interest rates allowed on deposits in Egyptian pounds. But this does not mean that interest rates are frozen. The rate of interest has actually increased, but gradually. In fact, since 1 April of this year there has been a 1 percent increase [in the interest rate for deposits] in Egyptian pounds.

Minister al-Sayih said that allowing big increases in the interest rates would impose burdens on the lending units of the banking system which could not be foreseen when development contracts were concluded.

### For the Good of the General Public

He said that the government, in order to stimulate those areas which it feels should be stimulated for the good of the general public, such as the food supply and housing sectors, has allocated large sums of money in the 1980 budget to back up loans for land reclamation, the raising of livestock, and cooperative housing. Loans for these purposes carry low interest rates of 2.5 percent, in spite of the increase in the overall level of interest rates.

### A Rise in the Rate of Exchange of the Dollar Only in Egypt!!

Comments then began on the reply of minister al-Sayih. Dr Muhammad 'Abdallah said that there has been a great increase in the rate of exchange of the dollar in Egypt. It has gone up 15 percent during the course of 6 months, whereas the exchange rate of the dollar has gone down in the various other capital cities of the world.

Dr 'Abdallah added that customs fees on imported goods are now paid in hard currency. In fact, he said, orders for household effects and housing units in Egypt now placed only with hard currency.

#### Payments Are Made On Time

Minister al-Sayih said: "I would like to make it clear that the Egyptian government makes its loan repayments on time, and sometimes even ahead of time." The minister said that the reason for the increase in the rate of exchange of the dollar in Egypt, as compared with the local currency, is the system of importing without actual currency conversion. This calls for some guidance, he said, and the ministry of the economy is planning for it.

Minister al-Sayih emphasized that the demand for Egyptian pounds is increasing. He added that suggestions to float the Egyptian pound would lead to Egypt losing foreign currency, without gaining anything in return.

Minister al-Sayih replied as follows to a question asked by Muhammad 'Amir Jaballah, of the National Party, concerning the reasons for losses suffered in the export of cotton:

"The 1980 planning budgets of the cotton exporting companies make it clear that the six exporting companies will achieve profits in Egyptian cotton export transactions amounting to some 15.8 million pounds.

"As for the deficit in these companies' foreign transactions, which totals 2.5 million pounds, not 25 million pounds as was stated in the question, it is attributable to the fact that the exporting companies, which receive the crop from the producers in behalf of the government, will suffer losses in domestic marketing transactions amounting to 19.3 million pounds. The loss in the domestic market is due to two factors:

a. The loss suffered by the exporting companies, which amounts to about 2.5 pounds per kantar. This is a result of the difference between actual marketing costs of about 5.6 pounds per kantar, and the costs allowed by the government of 3.55 pounds per kantar.

b. The loss associated with grading the cotton. This is a result of the difference between the grade assigned to the cotton when it is received by the exporting companies and the final grade given to it in Alexandria.

"The ministry of the economy formed a committee to study in all of the ministries concerned, how to improve the economic situation of the cotton exporting companies. The difficulties and problems faced by these companies were studied and the aforementioned committee submitted its recommendations in this regard to the ministerial committee for planning, production, and economic affairs. The purpose of this was to have each sector



shoulder its own responsibilities, so that the cotton exporting companies could show the actual results of their activities."

Then, Muhammad Jaballah said: "The system of storing cotton should be reviewed. And I demand that my question, and the answer given to it by the minister of the economy, be referred to the joint committee for agriculture, irrigation and economics to be studied by it."

Minister al-Sayih replied: "I have no objection to this."

Dr Sufi Abu Talib asked: "Are you all in favor of this?"

The Assembly responded: "Yes."

#### Control Over the Banks

Two questions were asked by two members, Muhammad Rashwan and Muhammad Mahmud 'Ali Hassan, of the National Party, about the ministry's role in controlling foreign banks which have been established in accordance with the investment law. The minister of the economy answered: "The role of the ministry of the economy in the control of foreign banks, established in accordance with the investment law, is undertaken through the Central Bank of Egypt, which exercises control over these banks. This control is exercised by means of follow-up and examination of their accounting statements. The Central Bank conducts its studies of these banks in accordance with the interests of the national economy. It also periodically conducts inspections to verify the soundness of their financial status and to protect the depositors' money."

"I want to make it clear that the total credit made available by these banks in both local and foreign currencies, as of 31 December 1979, totalled 568 million pounds, in comparison with 334.5 million pounds in 1970. This is an increase of 233.5 million pounds."

Minister al-Sayih said: "As for the commercial sector, the amount of credit made available to this sector was 148.6 million pounds as of the end of December 1978. At the end of 1979, this figure increased to 197.2 million pounds, an increase of about 32.7 percent. The industrial sector came in second place. Credit made available to it as of the end of December 1978 was 70.1 million pounds. By the end of 1979, this rose to 136.7 million pounds an increase of 66.6 million pounds, or 95 percent."

Muhammad Rashwan, member of the assembly, was next to speak: "We believe in the open-door policy and we also believe that the presence of foreign banks in Egypt is an indication of the improvement of Egypt's economy. And we do not wish to interfere in the technical domain of the foreign banks. If we look at Article 3 of the law concerning the investment of Arab and foreign capital, we find that it stipulates that the purpose of any investment project started in Egypt must be to contribute to the economic development of our country. I feel sure that Egyptian banks are

still the backbone of our processes of economic development. However, I demand that no more commercial banks be established and that a complete appraisal be made of foreign banks operating in Egypt."

#### Our Goal Is Development

Minister al-Sayih said: "We are primarily concerned with having the banks do transactions in Egyptian pounds. Aside from that, there is no objection to their using foreign currency in their transactions. It is hoped that the banks will contribute toward the creation of economic growth, be they Egyptian or foreign."

#### Importing Without Currency Conversion

Member of the assembly 'Abd al-Mun'im Khazbak, a member of the National Party, asked if it will be possible to continue the system of importing luxury and recreational goods without actual currency conversion [by the state]. Minister al-Sayih answered that "the system of importing without currency conversion was urgently needed. This matter was studied in the committees of the National Party, and a decision was made to obligate importers of specific items for domestic trade and consumer durable goods, to obtain free currency through the four commercial banks of the public sector, at least to the extent needed for them to pay all customs duties and fees, as a condition for clearing these goods through customs."

Minister al-Sayih emphasized that the purpose of this restriction is to limit the importation of luxury goods and to utilize the free currency to provide for the needs of Egyptian citizens in terms of basic goods.

Dr Khazbak here said: "The decision to import without currency conversion led to the importing of luxury goods which amounted to more than 800 million pounds last year alone."

Minister al-Sayih replied: "The value of the luxury goods imported last year totalled 250 million pounds, not 800 million, as the member has said."

#### Foreign Trade

Minister al-Sayih answered a question by member Ahmad Qasim concerning the decline in Egypt's foreign trade which has led to a large deficit in the balance of trade. He said: "The volume of trade between Egypt and the outside world rose from 673 million pounds in 1970 to 3.974 billion pounds in 1979. During this period of time, the trade exchange resulted in a continual increase in the balance of trade deficit, which reached a maximum of about 1.952 billion pounds in 1978. Then it began to decrease. Last year it dropped to 1.398 billion pounds due to the government's prudent policy of trying to overcome this deficit."

### Noticeable Decrease

Minister al-Sayih added: "One thing which has been very noticeable about the export of Egyptian agricultural crops during the last few years is the fact that they have started to decrease in terms of quantity as a result of local consumption. Allow me to quote a few examples. Exports of rice have been decreasing during the last few years. Whereas exports in 1968 totalled 528,000 tons, during this latest season they totalled only 114,000 tons. This is attributable to the increase in local consumption in this commodity."

### Reasons for the Deficit

Minister al-Sayih said: "The general trend shows an increase in the amount of exports of raw cotton and industrial goods. But they are declining in comparison to imports. And it could be that the trend in some Egyptian exports is a trend toward a decrease in the quantity exported. This is a result of the nature of the specific market for these exports, and of the change which has recently taken place in relations with countries of the Eastern bloc and the Arab countries.

"Exports of industrial goods in 1979 increased by about 200 percent in comparison to the previous year. Exports totalled 962 million pounds, in comparison to the 481 million pounds of 1978. This is an increase of about 320 percent over 1975. Fuel, petroleum and petroleum by-products accounted for a big jump in industrial exports during 1979. Exports of these totalled about 535 million pounds, that is, about 56 percent of total exports of industrial goods.

"The problems of quality and rising costs of Egyptian products still constitute an obstacle to their becoming competitive in foreign markets (with their free currencies)."

### Deficit in the Prices of Citrus Fruits

Ahmad Qasim said: "There is a drop in revenues from citrus fruit exports which amounted to 40 million pounds last year, in spite of the rise in citrus fruit prices in the world market. The reason for this is the decrease in the portion of this crop allocated for export from 250,000 tons to only 100,000 tons. What is needed is to set a uniform price for the dollar applicable to both imports and exports."

### Companies in Joint Projects

Minister al-Sayih was asked a question by member Tawfiq Zaghlul about public sector companies which have entered into joint projects with foreign companies and the means of keeping track of the activities of these companies. He answered: "The government has resorted to encouraging

Egyptian and foreign investors to go into joint ventures with the public sector due to the scarcity of funds to finance public projects, at a time when major problems challenge the environment.

"There is a total of 157 joint projects. Control is exercised over them by means of representatives of the companies and certified accountants who prepare the budget. Control is also exercised by the Investment Commission and the Companies Regulatory Agency."

#### There Are No Guarantees

Mr Zaghlul said: "Reports made by the Central Accounting Office point out that participation by the public sector in joint projects is not taking place on the basis of a steady strategy. There are no guarantees protecting the public capital."

Minister al-Sayih said: "Let me emphasize to you the fact that the group of public sector companies which have been transformed into joint companies was a group of companies which suffered losses. The government tried to raise capital in order to save them from their difficulties, and to free them of restrictions so that they may play their part in the national development. The only thing I ask is that if there are definite accusations to be made, the member has the right to demand answers from government officials. But we do not accept that the government's move to save companies which have suffered losses be interpreted as squandering the public's money."

Dr Sufi Abu Talib said: "A number of members have asked to take part in the political and economic discussions. Since the subject is a critical one, I suggest referring it to the economic committee and the planning and budget committee for them to study the matter and submit a report concerning it to the People's Assembly."

[The response was:] "Agreed."

#### The Stamp Tax

The Assembly approved in principle a report by the planning and budget committee on a bill for a stamp tax. The bill provides that there be two types of stamp tax--specific and proportional--instead of the four types in the abolished law. This will help tighten the means of collecting the tax by means of well-defined rates and by means of expanding the principle of collection at the source. The estimated revenue from the stamp tax this year is 190 million pounds.

Requests and grievances submitted to public sector companies, whose capital exceeds 5,000 pounds [SIC], will be subject to the stamp tax.

Also, the sale of cotton to agricultural cooperative associations will be subject to a specific stamp tax of 150 milliemes. Medical samples will be exempt from the tax which is imposed on free advertising gifts. According to the provisions of the bill, the tax also applies to electricity for industrial purposes, at a rate of 1 millieme for every 10 kilowatt hours of electricity, and 6 milliemes for every cubic meter of gas used for non-industrial purposes. Financial statements and debt instruments are subject to the tax at a rate of 500 milliemes for each statement.

The Assembly will discuss the articles of the law in today's session.

The session adjourned and is to reconvene this morning.

9468

CSO: 4802



PROBLEM OF COMPANY LOSSES DUE TO POWER FAILURES EMPHASIZED

Cairo AL-AKHBAR in Arabic 17 May 80 p 5

[Article by Muhammad al-Zarqani: "The New Minister of Electricity Is Faced With Another Problem; 22 Million Pounds Lost by Plants Due to Power Failures"]

[Text] These days people are talking about their electricity bills, and the high rates which President Sadat said he was going to relieve the people of. But there is another problem, no less important than the problem of the bills. Perhaps it is even more important from the point of view of the nation and Egypt's higher interests.

When there is a power failure at public sector plants, the losses are not only those of plants not running. Raw materials also go to waste.

This is a problem which is not new to Engineer Mahir Abaza, the new minister of electricity. He was familiar with this problem when he was deputy minister, and then when he became first deputy minister. He will find the dossiers of this problem on his desk in the ministry. Next to the dossiers dealing with the problem of electricity bills.

More than 22 million pounds are being lost by public sector plants every year. The reason for this is that they are experiencing power failures.

This phenomenon is something that all public plants are suffering from in Egypt. But in Alexandria, in particular, this happens every day. In fact, in the course of a single day it happens more than once.

It has come to the point where the ministry of industry receives daily letters from its plants about power failures. The letters are referred to the ministry of electricity, which can do no more than promise that it will not happen again.

Letters are being exchanged between the ministry of industry, the ministry of electricity, and the cabinet in an effort to put a stop to this phenomenon, but it is no use!



## Wholesale Losses

There is an official report prepared by the ministry of industry which contains the grievances of plants concerning the power failures and the losses which they have suffered because of these repeated power failures.

Failures have occurred at the Cairo Dyes and Furnishings Co, the Egyptian Copper Co in Alexandria, and the Eastern Tobacco Co. The latter receives only 50 percent of the power it requires, and this had led to a decrease in its production from 85 million cigarettes a day to 70 million.

In the ministry of industry there are statistics of losses suffered by various fields of industry due to this reason. They show the following with regard to mining, ceramics and glassware industries. The Nasr Saltworks Co, during an 8-year period which ended in the middle of 1979, suffered losses amounting to 129,228 pounds. During 1978, the Nasr Phosphate Co had losses of 51,000 pounds. Also, the Nasr Porcelain Co had losses of 136,800 pounds. The Nasr Crystal and Glassware Co, during the first half of the year 1979, suffered losses of 275,477 pounds. Likewise, the (Surfaja) Co suffered losses of 31,372 pounds.

In the food processing industry, the losses during the first 8 months of 1979 were about 2,725,000 pounds. In the textile and clothing industry, there was a decrease in production during 1977 valued at about 6 million pounds. In 1978, this decrease was valued at about 9 million pounds.

Are all of these figures attributable to a lack of electricity or to other causes?

Total losses of the Modern Dry Goods Co in Alexandria amounted to 182,980 pounds in the period January-November of 1979. The curious thing in this matter is that when the ministry of industry sent a message to the power plant, informing it of the power failure, the strange reply was that there was no company by this name which had a contract with the power plant!!

## Other Consequences

The grievances are not limited to the mere occurrence of material losses because of the power failures. There are also other consequences suffered by the plants of the public sector. One of them, according to the grievances themselves which were sent by the companies to the ministry of industry, is that the voltage has decreased from 380 to 320. This forces the companies to stop some of their production lines, because they are concerned that the machinery could be damaged and that the raw materials, which are in process could go to waste. There is also a large degree of absenteeism on the part of workers due to the instability of the situation. This forces the plants to institute more safety precautions, especially during the evening, since they fear sudden power failures. Then there are losses in the form of wages which the companies pay to their workers at a time when no production is taking place.

Another consequence is that the power plants lower the electric current without warning the companies beforehand. Fluctuations in voltage occur. This results in more equipment and machinery being deprived of current. Therefore, they are switched off, and production stops.

Naturally, many of the supply crises afflicting the Egyptian market are attributable to the erratic production plans in plants which produce oils, soap, and cooking butter. In the case of some of these plants 75 percent of the production plans could not be carried out. All this is in addition to imperfections in the goods produced.

The companies suffer losses not only during the period of time when they have the power failures. They require several hours, after the power has been restored, to begin operation of the plants again. This means additional losses for them.

All plants, without exception, are suffering losses because of the power failures.

For example, the Alexandria Textile Co suffered last year a production loss estimated at 1,755,000 pounds. During the first 3 months of this year, its losses due to interruption production have been estimated at about 470,000 pounds.

During 1979, the al-Suyuf Textile Co in Alexandria suffered losses of about 4,122,000 pounds. The Nasr High-Quality Textile and Woolen Goods Co (Stiya) suffered losses of 1,562,834 pounds. In the period January-November 1979, the Cairo Silk Textiles Co suffered losses of 277,110 pounds. The Transportation and Engineering Co in Alexandria also had losses during 1979, and they totalled 2 million pounds. This is in addition to losses in the form of waste of raw materials and products in their various stages of production. In the months of May and June alone in 1979, the Nasr Textile and Knitwear Co suffered losses of 21,380 pounds. In 1979, the National Textile Co in Cairo had losses of 1,293,000 pounds. In the course of only 5 days during last December, the Alexandria Edible Oils and Soap Co suffered losses of 270,229 pounds.

All of these are merely examples of losses suffered by plants in the public sector. Other plants which have suffered losses are animal fodder plants of the Processed Oil Products Co, the fodder plant of the Tanta Oils Co, the Egyptian Oils and Soap Co, the Cairo Oils and Soap Co, and the Nile Oils and Soap Co. They have had a 60 percent production stoppage. The Nasr Textile Co in Dumyat, the plant of the Public Manufacturing Commission, and the Silk and Cotton Industries Co (Esco) have all suffered losses as well.

Mahmud Hilal, the first deputy minister of industry for economic affairs, attributes the spread of the power failure phenomenon in the province of Alexandria to the fact that there are not enough power stations for the number of plants there.

He says that the industrial development which has taken place in all of Egypt for the most part depends on electricity, and the production of electricity has not undergone a corresponding rate of development. The period for setting up a regular power station takes several years. However, the former minister of electricity said that there was a current plan to construct a number of stations operated on diesel fuel. Such stations require only 2 years to be set up, and would solve many of the current problems.

The first deputy minister of industry adds that the danger to the plants is not only that power failures result in stoppages of production. The danger extends to the machinery and equipment itself, which is exposed to damage. Such damage is our greatest loss, he said. Mahmud Hilal mentions the examples of an aluminum industrial complex in Naj' Hammadi and a chemical plant in Aswan. They both run on power cells which cease to run as soon as the power is cut off, and are ruined. In iron and steel plants, blast furnaces are also damaged.

Some companies have their own stations for generating electric power, such as the plants in al-Mahallah al-Kubra and in Kafr al-Dawwar. These stations are turned on as soon as the main power is cut off. As a result, they are not as much affected by losses which result from power failures. Hilal says: "We cannot have this system used everywhere, because it is costly. However, a huge budget has been allotted to the electricity sector and loans have been obtained to construct large electrical power plants."

The first deputy minister of industry says that losses were more than 22 million pounds the year before last. They decreased a little bit last year, and will also decrease this year following the installation of the new power stations.

#### Power Plants Which Run On Gas

The ministry of electricity acknowledges the current problems. The minister of electricity, engineer Mahir Abaza says that the cases of power failure which occur in Alexandria are caused by excessive loads on the electrical systems. He says: "The ministry of electricity is presently interested in adding new transformer stations with a voltage of 11/66, and intends to install new cables to relieve the old cables. It also intends to set up distribution centers in different areas of Alexandria. In addition to this, the ministry intends to install a new power station in Karmuz which runs on gas and whose capacity will be 25 megawatts (imported from Sweden). A contract is also being drawn up to build another power station, which runs on gas, in Karmuz. Its capacity will be 10

megawatts. And the ministry is trying to quickly finish the building of the Abu Qir power station, which will have a capacity of 600 megawatts."

Minister Abaza adds that 50 million dollars from an American AID loan has been allotted to consolidate and modify the electrical power networks in Cairo and Alexandria. And steps are currently being taken to obtain equipment so that their installation can begin during the next 3 years.

The new minister of electricity promises that during this summer, the number of cases of power failure will be reduced as much as possible, and that the ministries of industry and electricity will cooperate to achieve this. He also promises that power relay stations will be strengthened and that the capacity of the old transformer stations will be increased.

#### The Plants Are Responsible!

Public sector plants draw their power from the main distribution system, which consists of cables which run underground. "It is very easy to damage these cables," according to Engineer Muhammad Mahmud al-Mughrabi, the first deputy minister of electricity and the man responsible for electricity in the Cairo area. He adds that the renovation work which is going on in the streets on water supply and sewage systems is responsible for cutting electric cables. In addition, rats sometimes get to the cables and damage them. Al-Mughrabi says that "the plants themselves are sometimes responsible for the power failures. Sometimes power failures are caused by water leakage and other factors inside the plants. The ministry of electricity is not responsible for what happens as a result of all of such damage, although it is trying to the best of its ability to eliminate it. Failures which results from the electrical system itself are easy to discover and can be quickly repaired." Al-Mughrabi says that every plant should have contingency power generating equipment ready to operate immediately following a power failure. This way, losses would be eliminated. He says that it is possible for companies which depend upon a single source of electricity to ask for other sources.

The problem got worse last year, and is still with us this year. We have promises from the ministry of electricity that it will end this year!

We and the industrial plants are waiting!!

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# PRIVILEGES GIVEN TO FOREIGN INVESTMENT ATTACKED

Cairo AL-AHRAM AL-IQTISADI in Arabic 15 May 80 pp 22-25

[Article by Dr Mahmud 'Ali Rif'at: "Exceptions in the Treatment of Foreign Capital"]

[Text] The first investment law--Law No 56 of the year 1953--confined itself to encouraging the importation of foreign capital for the purpose of investment. It permitted the owners of such capital to take it out again, along with its profits. This is an exception to the provisions of the public law which regulates foreign currency transactions. Thus the principle of "exceptions" found root in Egyptian legislation which deals with investment. This principle became firmly rooted and its limits expanded after subsequent investment laws adhered to it, to the point where it became the only principle characterizing regulations dealing with investment inside the country under Law No 43 of 1974, as modified by Law No 32 of 1977.

Here is a detailed statement of the exceptions provided for by this law, article by article:

## Articles 1, 2, and 3

These consecutive articles determine what the law means by a project which may benefit from its regulations, what it considers to be invested capital, and what it specifies in terms of areas in which investments may be made.

Hence, these articles are equivalent to specifications for new projects which may benefit from the exceptions. At the same time, they deny the right of existing projects to benefit from the guarantees and special privileges enacted by the law.

## Article 4

This article requires the participation of public or private Egyptian capital in projects which are approved, but it exempts the following from this requirement:



Housing projects which may be financed by Arab capital alone, investment bank branches and foreign commercial banks whose activities are restricted to transactions using free currency, and other projects which are approved by the board of directors of the Public Investment Commission.

#### Article 5

This article stipulates that it is not permissible to expropriate real estate for investment projects. An exception is made to this in the case of projects deemed to be in the public interest according to the law.

#### Article 6

This article deals with expanding the area of acceptable projects and, consequently, expanding the area covered by exceptions so as to include projects which are financed by capital of any nationality of country. The exemptions apply to existing joint-stock companies only with regard to increases of capital through injections of cash utilized in approved types of enterprises.

#### Article 7

This article stipulates that it is not permissible to nationalize or confiscate the projects. This is a general exception. It is accompanied by another exception the underlying idea of which is that it is not permissible to seize, freeze, confiscate, or impose state control over the capital of these projects except by judicial means.

#### Article 8

This article stipulates the settlement of disputes by means of arbitration, if this is agreed upon. In such a case, the arbitration committee will have the right to set the principles for procedures to be used in the settlement, without being bound by the principles of civil and commercial codes of procedure.

#### Article 9

This article stipulates exceptions to legislation, statutes, and regulations dealing with the public sector and with those who work in it.

#### Article 10

This article stipulates exceptions to the provisions of Law No 73 of 1973 which set conditions and procedures for electing workers' representatives in the administrative boards of public sector enterprises and private enterprises, associations, and corporations.



#### Article 11

This article stipulates that employers are exempt from the provisions of Law No 113 of 1958 regarding hiring by joint stock corporations and public enterprises. It also stipulates that they are exempt from Article 21 of Labor Law No 61 of 1959. It also stipulates that they, as well as the members of boards of directors, are exempt from the provisions of Law No 113 of 1961 which prohibits increasing the salary received by the chairman or member of a boards of directors to more than 5,000 pounds.

#### Article 12

This article stipulates exceptions to the provisions of Law No 26 of 1954 regarding joint stock companies and companies with limited liability. This affects the following articles of Law No 26: Article 2, Paragraph 1; Article 11; Article 15, Paragraph 1; Article 21, Paragraphs 1 and 4; Article 24, Paragraph 2; Article 28; Article 29 as it applies to representatives of foreign legal persons and normal persons; Article 30; Article 31 as it applies to non-Egyptians; Article 33; Article 33 bis; Article 41, Paragraph 4; and Article 66, Paragraph 1.

It also stipulates the exemption of companies from the regulations of Law No 137 of 1961 which deals with the formation of boards of directors of corporations.

#### Article 13

This article exempts banks from Article 21, Paragraphs A and C of Law No 63 of 1957, and exempts investment banks, commercial banks and re-insurance companies, whose activities are limited to transactions in free currency, from the provisions of the laws, statutes and decisions enacted to control monetary transactions.

#### Article 14

This article stipulates exceptions to the provisions of Law No 81 of 1947 so that these projects will be entitled to open foreign currency accounts in banks which are registered with the Central Bank of Egypt.

#### Article 15

This article exempts usufructuary projects from some of the laws, statutes and decisions enacted concerning importing and exporting.

#### Article 16

This article exempts (an exemption is essentially nothing more than an exception) profits made by usufructuary projects from the commercial and industrial profits tax and its addenda. It exempts dividends distributed by these projects from the tax on transferred revenue and its addenda;

from the commercial and industrial profits tax and its addenda, depending on circumstances; and from the general revenue tax. This is to be in effect for a period of 5 years. The exemption also applies, for the same length of time, to revenue from profits which are reinvested in the project and in special capital reserves. Stocks are exempt from the annual stamp fees for a period of 5 years. This article permits extending the exemption period to 8 or 10 years, and permits the exemption of all elements of capital assets, materials, and construction assemblies which are imported and are necessary for starting approved projects, from either all or some of the customs duties and fees and other taxes and fees.

#### Article 17

This article exempts, from the general revenue tax, the dividends which are distributed by every project. This applies to 5 percent of the original value of the financier's share after the expiration of the exemption period stipulated in the previous article (the article in question does not fix the duration of the exemption).

#### Article 18

All taxes, fees and interest due on loans obtained by projects in foreign currency--even if they take on the form of deposits--are waived.

This exemption applies to interest on loans which an Egyptian party uses to finance its share of such a project.

#### Article 19

This article exempts (higher than mid-rise) administrative office buildings, built in accordance with the provisions of the investment law, from the provisions of rent control laws.

#### Article 20

This article permits foreign employees and experts, who come from abroad to work in one of the usufructuary projects, to transfer [out of the country] up to 50 percent of their wages, salaries and compensation. Amounts which are subject to the wage tax are exempt from the general revenue tax.

#### Article 21

This article permits parties concerned to disregard the 5-year limitation applicable to the retransfer of invested capital to places abroad and the free use of such capital.

## Article 22

This article permits the transfer abroad of net income from residences whose rent is paid in local currency. This is up to a maximum of 8 percent annually, and up to a maximum of 14 percent in the case of low-income housing and housing which is built in new cities or outside agricultural and urban areas. The same 8 percent transfer provision is applicable to net income from amounts which are not transferred out of the country, but are reinvested in accordance with the provisions of this article.

If only these exemptions would satisfy the investors and elicit their gratitude. On the contrary, they seize every opportunity to demand more, and they will get it, as long as the country has only limited choices and as long as there is a constant demand for foreign investment.

The strange thing about these exemptions is that those who wrote the law in 1974 and those who wrote the modifications which were introduced into its articles in 1977, were not entirely aware of the consequences of its application. The first indications of these consequences appeared in the difficulties suffered by national projects which do not benefit from exceptions. The seriousness of such difficulties will be compounded if there is continued neglect in the area of dealing with this issue in a positive and healthy way. The most important consequences to be expected are as follows:

1. Open discrimination between usufructuary projects and national projects which are active in the same field. The result of this will be:
  - a. The absence of equal competition between them. It will inevitably undermine national projects, although they are more deserving of attention due to the credit they deserve for their previous performance and their long-standing efforts. If they are neglected their foundations will eventually crumble.
  - b. The deterioration of national projects. These constitute the major structure of our national economy. The result of this will be losses which cannot be compensated for by gains anticipated from the establishment of usufructuary projects.
  - c. The appearance of groups of usufructuaries who are adventurers and middlemen. All of these are intent only on making a quick profit by whatever means or devices they can--legal and illegal--under the protection of a law which is based only on exemptions. It permits the issuance or withholding of administrative decisions without the injured party having right of recourse to the courts to receive just treatment when faced with administrative coercion or inaccurate evaluation.

d. The natural grabbing of all experts by the usufructuary projects, especially those with rare expertise, from other fields of production activity. They do this by means of luring them away with high salaries and wages. At the present time, this is directly harming the efficiency of the public sector, in view of the fact that it is difficult, except in the long run, for the public sector to make up for the loss of the experts who are leaving it.

2. Temporary material privileges inevitably induce investors, especially foreign investors, to favor projects which involve quick profits, because this enables them to fully take advantage of their rights before the period of privilege expires, and return to their countries. These temporary privileges may lead to an even more serious situation if the projects themselves collapse when the period of the privilege expires.

3. The granting of special treatment, just like the existence of zealous customs protection, tempts people in charge of usufructuary projects to squander resources and to relax their concern expenses and costs. This leads to the rise of high-cost industries which are unable to deal with competition of foreign markets.

4. Usufructuary projects manifest undue dependence on loans for 45 percent of their financing, according to a report prepared by the Investment Commission. This will place heavy burdens on their shoulders, and will gravely affect their future, especially since they are obtaining loans under circumstances in which the interest rates are rising to unprecedented levels. Also, the whole world is about to enter the dark tunnel of a recession, and nobody knows how long or dark it will be. These apprehensions concern not only the investment loans which are obtained by the usufructuary projects, but also apply to all projects which obtain foreign loans to finance their investments. This is due to the following considerations:

a. It will place a large burden on the country's anticipated resources of foreign currency, especially since foreign loans in many cases are restrictive, that is, they obligate the borrower to perform the transaction in a particular market. This causes the prices of the goods and services, which the borrower receives, to be higher than world market prices by as much as 50 percent or more.

b. A great many of these loans do not represent commercially profitable investments which would bring an abundance of revenue from exports.



c. The Egyptian economy generally is still stumbling along because of the vestiges of past administration practices which the administrative revolution has not been successful in stamping out.

d. There are clear indications, on the horizon, of a world economic crisis. If it takes hold, it will lead to a drying up of sources of foreign loans, obtained through governments or private individuals.

e. The heavy use of loans, foreign or local, up to 45 percent of investment expenditures, is incompatible with the principle of capitalization leverage. This is because these loans, the profits of which are exempt from any form of taxes, constitute fixed obligations which must be met, and the capital and assets of the project guarantee that the loans will be paid back regardless of the project's performance or what it achieves by way of profits.

5. The granting of special treatment on the basis of legal regulations usually leads to perversion and corruption. It encourages the establishment of economic and financial centers of power and influence.

6. The emphasis on granting preferential treatment is negative. The attraction of usufructuary projects, which constantly get the lion's share of propaganda, leads to a slackening of the search for alternative positive steps.

7. Granting special treatment in the realm of investment creates an economic dichotomy which is considered to be a most dangerous and fatal disease for the national economy. This sort of discrimination was always the principal colonial way to firmly establish economic dichotomy in the colonies. The colonialists used to resort to establishing exclusive economic sectors or projects for themselves, and leave the underdeveloped sectors to the oppressed natives. The vestiges of this are still evident in the economies of the developing countries. Authoritative economic institutions and agencies still rightly consider privileges to be the distinguishing feature of economic backwardness. While on this subject, one must mention how much Egypt, under the system of foreign capitulations, suffered from the domination of its economy by foreign capital.

There is nothing wrong with being very fearful that the system created by the present Egyptian investment law will turn into a type of financial and industrial feudalism, whose harmful effects and dangers will be no lesser than those of agricultural feudalism.

It is strange that the consequences of the application of the aforementioned exemptions should be ignored. It is even more strange for anyone to claim that the law which codifies all these exemptions is the embodiment of a general policy decided upon by the state. Is it reasonable to view a group of exceptions to general laws as the embodiment of a general policy? What would you think if this was claimed to represent economic

open-door policy, which, by nature, is not supposed to accommodate or support special exemptions? As to who would make such a claim, it is no other than the government agency entrusted with the implementation of the investment law.

The truth--which cannot be disputed and which must be recognized--is that neither Law No 43 of 1974, modified by Law No 32 of 1977, nor any other law prior to it mentions the term "open-door policy," much less the expression "economic open-door policy." If it indicates anything at all in the framework of present-day Egyptian reality, this term indicates a transition from one state or condition to another. It indicates a transition from a condition in which the elements of productive economic activity and creative initiatives have collapsed as a result of coercive obstacles, artificial barriers, and a long-standing decline in confidence, to a condition in which these elements are liberated, obstacles and barriers are removed, and confidence is restored to those who are in charge of economic projects, both old and new.

Thus, projects which originate on the basis of Law No 43 of 1974, as modified by Law No 32 of the year 1977, cannot be considered to be part of an economic open-door policy, either in terms of its meaning or in terms of its application.

Is there then a missing link which we are not aware of between the date the investment commission was established in 1971 and its claim to be in charge of the economic open-door policy which was proclaimed in October 1974? It is impossible for us to form a definite opinion in the absence of proof. However, the commission is still exercising its prerogatives in the realm of investment inside the country, in accordance with the present investment law. It has the right, and in fact the duty, to present its achievements in the field of economic development, and it has done this. It has issued a report containing the results of the investment projects which it approved up to 31 December 1978. We must refrain from evaluating these results until we have finished reviewing them.

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## DETAILS OF LOSSES OF PUBLIC SECTOR COMPANIES

Cairo AL-AHRAM AL-IQTISADI in Arabic 15 May 80 pp 30-31

[Article: "Public Sector Companies' Losses"]

[Text] Forty-five companies from the public sector suffered a series of losses from 1975 to 1978. The losses amounted to 44.4 million pounds in 1975. They decreased to 35.4 million pounds in 1976, and rose again to 37.1 million pounds in 1977. Losses again decreased to 34.1 million pounds in 1978 when 11 of the companies managed to escape being on the roster of companies suffering losses in the years 1976 and 1977. Seven of them even achieved profits in 1978.

According to Engineer 'Abd al-Wahab al-Habbak, chairman of the Industry Committee in the People's Assembly, there are many reasons why the losses occurred. The most important reason is the fact that sales prices were lower than costs. He demands that the companies be given the freedom to set prices for their goods or that the government pay the difference. On the other hand, a report prepared by the ministry of finance rejects easy solutions through manipulation of prices, and offers alternative suggestions.

### The Lag in Prices

Engineer al-Habbak says that the fact that costs are running ahead of prices forces public sector companies to accept losses against their will. The costs of components of production have gone up a great deal during recent years. This is particularly true with regard to the costs of importing spare parts. We know that many companies, to cover their needs in terms of raw materials, depend on imports. And everyone knows that world market prices have increased at a very fast rate during recent years because of the rise in oil prices and due to an increase in the rates of inflation. These factors have led to an increase in production costs.

Logically, the prices of goods produced are supposed to go up in accordance with costs. But the government has adopted the principle of fixed prices or setting prices for goods produced by the public sector in order

to guarantee that the purchasing power of categories of people with limited income will not be affected. The disparity between costs and fixed prices forces the companies to accept the losses, and encourages negative trends which affect the level of performance on the part of the companies' employees.

#### Other Items

In addition to the rise in production costs, accompanied by a lack of increase in sales prices, there are other reasons which have led to an accumulation of losses on the part of the companies. There were detailed in a report prepared by the ministry of finance, and are as follows:

- a. Obsolescence of machinery and equipment and a corresponding decrease in their production capacity, power failures and water supply interruptions, as in the cases of the National Textile Co, the Cairo Clothing and Knitwear Co, and the Abu Za'bal Fertilizer Co.
- b. The lack of availability of necessary raw materials for production. This leads to production capacities being idle, and consequently leads to an increase in costs, as in the cases of the Red Sea Phosphate Co and the Nasr Co (which produces crockery and pottery.)
- c. An exodus in the ranks of the trained technical work force and an increase in the ranks of the work force which has no technical skills.
- d. The lack of financial liquidity necessary to keep the wheels of production going, and companies resorting to overdrawing their accounts. There is also the inability of invested capital to cover the companies' needs in terms of fixed services.
- e. Competition on the part of imported goods as a result of the open-door policy and as a result of the fact that open-door policy companies enjoy privileges which are not enjoyed by local companies. This leads to an increase in goods in inventory, and, consequently, ties up capital necessary for production. This in turns has an effect on the companies' liquid assets.

As for companies which joined the ranks of profit-making companies in 1978, after having been in the ranks of companies which suffered losses during 1976 and 1977, they are: the Upper Egypt Textile Co, the Egyptian Spinning Equipment Manufacturing Co, the National Nile Transportation Co, the Nubariyah Co, the National Egyptian Irrigation Workshop Co, the Alexandria Shipyard Co, and the Nasr Tanning Co. The reasons for the improvement in the situation of these companies are as follows:

a. Raising the sales prices of some of the goods and products and balancing them with production costs in terms of production requirements, wages, and financing costs. This produced a marginal profit, as in the case of the textile industry and the chemical industries.

b. An increase in the productive capacity of some companies due to the fact that they were backed by the necessary investments for replacement of old machinery, renovation, and completing projects which were in the stage of being implemented. This resulted in an increase of profits, as was the case in the sectors of agriculture and irrigation; transportation, tourism, and aviation; and the engineering and mining industries.

c. An increase in production efficiency and an improvement in performance. This had an effect on production quality and resulted in modifications in the assortment of the goods produced. This led to meeting the demands of the market, as in the case of the textile industries and the chemical industries.

#### **Suggestions From the Ministry of Finance**

The report of the ministry of finance suggests solutions for the companies which are suffering losses. These solutions require the following:

a. A reappraisal of each unit's capital in terms of economic concepts, not in terms of the accountant's ledger as is done at the present time. This should be done in order to determine the real capital of each unit for the purpose of studying the results of the work accomplished by the unit and the amount of profit which was achieved by the capital invested in it.

b. A study of the full capacity of each unit and the capacity actually utilized. A study should also be made of the effect of increasing capacity utilized at the present time (up to optimum utilization) on production costs, instead of resorting to manipulation of prices, which is something which is easy to suggest. In addition to this, a study should be made of the accumulation of goods in inventory by some industries due to the manipulation of prices.

c. A study of the possibility of developing production methods in the various units in accordance with technological advances, and the effect this would have on each unit's ability to make a profit.

d. Taking into account modifications suggested for the capital structure of public sector units so that they may reach the point of maximum productivity. This would be by means of increasing the amount of capital so that each unit may attain optimum productivity, and by developing production methods which are technologically more advanced. This should be done on a comprehensive basis, and should be linked to the public sector's net earnings.

e. Even with regard to companies whose financial results at the end of the year did not reflect losses, their assets and liabilities should be reviewed. The assets of companies such as these often include: capital owed to creditors, which cannot be touched, capital tied up in stagnant inventory, and capital tied up in machinery and equipment which, in the accounting books, are at variance with their actual appraised value. The result of this is that many companies suffer from lack of liquidity, and, therefore, resort to bank loans and uneconomic financing.

f. Permitting public sector companies to engage in joint projects with the private sector, or with foreign companies, in order to develop products, both in terms of quantity and quality, but without impairing the public ownership of these companies.

g. Modification of Article 57 of Law No 60 1971 (the law concerning public establishments and public sector companies) in such a way as to obligate the boards of directors of the companies of the sector to publish their companies' general budget and account for their profits and losses. They should be obligated to publish a reliable summary of such reports in two daily newspapers, at least one of which is in Arabic. This should occur at least 15 days before the general meeting of the board.

[Inset provides following list of companies which suffered losses in 1978]

The roster of companies which, in 1978, suffered losses for the first time, includes: the Nasr Rubber Products Co, which had losses of 504,000 pounds; the Egyptian Wool Textiles Co (Wootex), which had losses of 305,000 pounds; the Cairo Clothing and Knitwear Co (Trikona), which had losses of 99,000 pounds; the Northern Fishing Implements Co, which had losses of 68,000 pounds; the Northern Tahrir Agricultural Co, which had losses of 525,000 pounds; the Nasr Pen and Pencil Manufacturing Co, which had losses of 38,000 pounds; and the Nile General Automotive Repair Co, which had losses of 2.56 million pounds.

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# WORKERS' SHARE OF PUBLIC SECTOR COMPANY PROFITS DISCUSSED

Cairo AL-AHRAM AL-IQTISADI in Arabic 15 May 80 pp 18-21

[Article by Mustafa Imam: "The Annual Game of the Workers' Dividends"]

[Excerpts] The annual workers' dividends game has begun. The companies compete with each other in announcing their profits. The figures are big. The statements are grandiose. Profits, production, and achievements this year are such-and-such percent higher than they were last year and in previous years!!!

The workers unenthusiastically watch all of this go on. Most of them do not listen, do not follow what is happening, and are indifferent. It is an annual game, and there is nothing new in it. No matter how well the players play, the score is known in advance--a maximum of 75 Egyptian pounds; payment in the summer; and good-bye till next year.

Some of the players suddenly become interested, the glacier of silence in their heads melts away, and they ask: "Why are the dividends crippled? Why do they not increase beyond a maximum of 75,000 milliemes? And why are the dividends paid out in the summertime?" Summer is the time when the value of money reaches its low. Summer is the time when money flows in from abroad and flows out from within the country. It is the time when people spend exorbitantly and when prices riot!

Why, for example, are the dividends not paid out in the wintertime, as long as the score is known in advance, that is, as long as the maximum payments will be 7,500 piasters? AL-AHRAM AL-IQTISADI became interested in this game, and decided to just assemble and record the facts.

## A Basic Gain

There is no doubt that the fact that workers are getting a share of company profits is a basic gain. This has been legally established by the government since 1961. Law No 111 stipulates the allotment of 25 percent of the companies' profits to employees and workers of the public sector. It is provided that 10 percent be distributed in cash; 5 percent



allocated for local housing and social services; and 10 percent allotted for central social services.

A series of ministerial decisions were issued to organize the basic rules for payment of the cash dividends. Perhaps the most important of them was raising the maximum share per worker from 50 pounds to 75 pounds, in keeping with the rise in prices, and compensating workers in companies which suffer losses. These workers are entitled to an amount not exceeding what is distributed by the smallest company operating in the same field as the company sustaining a loss.

This occurred in 1976, and this maximum figure was frozen after that in spite of the steady increase in profits.

The 5 percent of profits allocated to local housing and social services are forwarded to service councils in the provinces for use in housing projects in the provinces where the companies are located.

#### The Logical Result

It would be logical to think that after the passage of more than 4 years the dividends would increase as profits increase.

Many people are in favor of this logic. "Abd-al-Wahhab al-Habbak, president of the Philips Corporation and chairman of the Committee for Industry in the People's Assembly, says that this maximum limit must be abolished. He says that the figure of 75 pounds is no longer appropriate because of the rise in prices. He adds that the purpose of the dividends is to balance the incomes of junior and senior workers, and that the current figure of 75 pounds is no longer appropriate.

Dr Husayn Kazim, deputy minister in the Central Regulating and Administrative Authority, cites the need to control rates of inflation when abolishing the maximum limit. This is because an uncontrolled increase would lead to an increase in the rates of inflation. He adds that he is in favor of increasing the maximum to, for example, 150 pounds so that it would correspond to the increase in prices.

"Abd-al-Rahman Farid, undersecretary for manpower in the province of Cairo, says: "An increase in the maximum must be accompanied by a study of the wage structure, so that it may be modified in accordance with the rise in prices, and so that the government can simultaneously be able to control prices and protect the consumers."

#### Dividends and the Stockholders

On the other hand, some people say that a change in the law concerning dividends for workers in public sector companies has become necessary to revive the stock market. They feel that one of the reasons for the



decline in the value of stocks has been the linkage between the distribution of dividends to workers and the distribution of dividends to stockholders. They also feel that there should be a difference in the treatment of companies which achieve profits and companies which suffer losses for reasons beyond their control.

These same people feel that it is not possible to allow an unlimited maximum figure for the distribution of dividends. This is because there are some companies, such as tourism and hotel companies, which achieve enormous profits, but have a small number of workers. A worker's share in the case of such a company could amount to more than 1,000 pounds, while his colleagues in some other types of companies could receive a share of no more than 50 pounds.

#### The Opinion of the Workers

The workers in the companies, of course, are in favor of increasing the maximum. 'Ali Ahmad Sa'id, assistant secretary of the Labor Union Committee of the Petroleum Cooperative Association, demands that the maximum be increased to at least 125 pounds. This opinion has the support of Muhammad Ibrahim, the secretary of the Labor Union Committee of the Sayyid Drug Company. But Ahmad al-'Amawi, secretary of the Workers' Committee of the National Party, stipulates that the increase be in keeping with a company's total profits and does not exceed the 10 percent which is fixed by law.

#### Rejection of an Increase

The logic of increasing dividends for workers whenever there is an increase in company profits, is rejected by 'Abd-al-Hamid Sa'id, former deputy minister of industry and currently president of the Oaha Company. He says: "There are companies which are successful and there are other companies which are unsuccessful, due to reasons beyond their control. In order not to differentiate between workers of various companies and arouse jealousies, the current maximum should stay as it is, especially as some companies make three distributions adding up to the maximum share of 75 pounds per worker, and other companies use a system of incentives. Incentives serve the goals of planning, production, export, and investment. Thus, some companies allocate 25 percent of surplus for distribution equally among the workers, without a maximum limit. But the boards of companies could be granted the right to give cash awards and incentives to diligent workers."

#### The Share of the Service Councils

Under Law No 111, which was enacted in 1961 and is currently in force, 5 of the 25 percent workers share of profits are allocated to housing and social services. When this law was enacted, this allocation was

deposited in the Central Bank. Then it was decided to transfer this 5 percent to the service councils in the provinces to provide them with their basic revenue. The purpose of this was to have the workers in the companies benefit from the services of the provinces where the companies are located. But, as 'Abd-al-Hamid Sa'id says, some companies have recently asked to take over this allocation in order to spend it on services which they provide to the workers, such as company bus transportation or housing projects undertaken by cooperative housing associations.

Sa'id adds: "But there is another idea behind giving the 5 percent allocation to the service councils in the provinces, namely that it provides their basic source of revenue. Accumulated funds can be used to build housing projects for the benefit of the workers, particularly workers of companies which suffer losses. The most obvious example of this is the success of industrial housing projects in some provinces."

#### The Workers Do Not Benefit

But Muhammad Ibrahim, of the Sayyid Drug Company, feels that the workers of the companies are not benefitting from services of the provinces, whereas there are cooperative housing associations which are in need of this revenue. On the other hand, some workers in the tourism and hotels industry are demanding that the 15 percent given to the public treasury [5 percent for local and 10 percent for central services] be given to the companies as reserve funds for them to utilize in housing and service projects or in expansion of the companies, because the workers really do not benefit from this money.

#### Payment at the Wrong Time

Those who suddenly became interested in this whole issue do not like the timing of the payments. In their opinion, the dividends are paid at the wrong time. Their logical question is. why should the payments be made in June or July? The children are on summer vacation. There are no lessons to be learned or teachers to teach. There is no need to buy school clothes or books. Holidays are a long way off, and summertime is for tourists. The summer months are months when money is freely spent by vacationing Egyptians and tourists who come from abroad. A great deal of money is spent during these months and this causes prices to rise. If the dividends are paid out at this time, prices rise even higher. Thus, the dividends are paid at the wrong time. Why are these dividends not paid in the wintertime, or during the times of the year when the workers are in need of cash?

This line of logic has those who support it. 'Abd-al-Wahab al-Habbak suggests that the dividends be paid on those occasions when the workers are greatly in need of cash, for example, during the holidays, at the beginning of the school year, or during the month of Ramadan. This way, it would be possible to pay the dividends at different times.

There is another opinion represented by 'Abd-al-Kahman Farid who suggests expanding the system of advance payments subject to subsequent adjustment based on profits, or installment payments at times agreed upon by the company and the labor union representing the workers who work for it. This line of thinking is supported by Hasan Muhammad, who is on the Labor Union Committee of the Nasr Company which manufactures pens. He adds that every company has its own particular circumstances.

#### The Fruits of Their Efforts

Ibrahim Muhammad Ayyub, vice-president of the Chemical Industries Labor Union, rejects the idea of paying out the dividends in advance or paying them at different times. He says that the system of advance payments or payment of dividends at different times is not acceptable. In his opinion, it is necessary for a worker to see the fruit of his efforts embodied in a total payment of his dividends. This view is supported by Ahmad al-'Amawi who says that it is not true that not paying out the dividends in the summer will lower prices. He says that whenever the dividends are paid out they will cause a rise in prices, and that merchants are always just waiting for this!! 'Abd-al-Fattah Ahmad 'Abd-al-Ghani, of the Cairo Drug Company, adds: "Many companies give cash awards or gifts to the workers on special occasions. Why should we deprive the workers of the joy of having their dividends paid to them right after the budget is approved?"

#### The Present System Is the Best One

There are those who demand that things stay as they are. One of the most notable representatives of this opinion is 'Abd-al-Hamid Sa'id, who says that what is happening in the public sector's industrial companies (116 companies) is that payment of the dividends is linked to approval of the budget. This is so, because it is not possible to predict whether or not the company will achieve profits or suffer losses. Also, there are some companies which resort to a compromise solution, namely advance payments subject to subsequent determinations of the profits. But 'Abd-al-Hamid Sa'id says that he is in favor of keeping the present system and time schedule for the payment of dividends. He says that it is undoubtedly better for the workers as well as for the companies.

It is not possible, by means of this brief investigative report, to decide the issues of workers' dividends. They are vital issues which need to be reexamined. Statistics concerning them also need to be carefully studied in light of the companies' profits, exact interpretation of the law, the rates of inflation, and the most suitable time to meet the workers needs.

[The following review of the development of the law on workers' dividends is presented at the end of the article]

1961

Law No 111 stipulates the allotment of 25 percent of profits to employees and workers, to be distributed in the following manner:

1. 10 percent shall be distributed to employees and workers when dividends are distributed to the stockholders. The distribution shall take place in accordance with general principles which will appear in a decision to be taken by the president of the republic.
2. 5 percent shall be allotted for housing and social services in accordance with what is decided by the administrative board of each company and agreed to by the company's labor union.
3. 10 percent shall be allotted for central social services for employees and workers. A decision by the president will determine how these sums are to be spent, how the services are to be rendered, and which administrative agency will assume responsibility for these services or supervise them.

1962

Presidential Decision No 135 stipulates the distribution of 10 percent of the companies' profits in proportion to the total salary of each worker, on the condition that each individual not be allotted more than 20 pounds. Whatever is left over after the distribution of the dividends is to be distributed in the same manner to those whose share would not exceed 50 pounds. Each individual should not receive more than 50 pounds from the two distributions.

1967

Presidential Decision No 888 deals with determining the percentages of dividends to be distributed, the principles of their distribution, and the utilization of the workers' share in the dividends, as follows:

1. The 5 percent allotted for housing and social services and the 10 percent allotted for central social services, by all the public sector companies, shall be put in a special account in the Central Bank of Egypt. The money will be spent as by decision of the prime minister.
2. Annual distribution of the 10 percent by companies subject to the law shall take place in accordance with principles decided upon by the prime minister. If the companies are left with a surplus after the distribution, the surplus will be deposited into a special fund in the Central Bank of Egypt. A decision by the prime minister may permit the allotment of part of this fund for distributio to workers in some companies which, for reasons beyond their control, have not achieved any profits or have



achieved very low profits. In each case the allotment shall be made individually, and on the basis of a proposal made by the minister concerned.

1969

Decision No 40, made by the prime minister, concerns the principles for cash distribution. The decision makes it clear that distributable profits are net profits after deduction of all expenses and before deductions for taxes and reserves for contingencies. Cash distribution to the workers shall be equal in amount to what was distributed in the previous year. Any increase or decrease in the amount distributed shall be in accordance with the following principles:

1. In case a company's profits are equal to, or are less than 10 percent higher or lower than in the previous year, the amount of the cash distribution shall equal that of the previous year. The minister concerned, may increase or decrease the distribution for reasons which he will approve.
2. In case of achievement by a company of profits which are more than 10 percent higher than those of the previous year, the cash distribution shall be increased in proportion to it, at a rate equal to half of the increase above the 10 percent, up to a maximum of 50 percent of the amount of the cash distribution of the previous year.
3. In case a company's profits decrease by more than 10 percent, the cash distribution shall be decreased in proportion to the decrease in profits. The minister concerned is permitted to increase the cash distribution within the limits of the distribution of the previous year if the decrease in profits is due to reasons beyond the company's control.
4. In the case of companies which achieve profits for the first time or whose profits have increased due to expansion, the cash distribution shall be determined by the minister concerned. The cash distribution shall not be more than the average for companies which work in a similar field of activity under the same public agency.
5. The amount of cash distribution in every company shall, in every case, be within the limits of the 10 percent allotted for the purpose of cash distribution to the workers.

In the case of companies which have suffered losses due to reasons beyond their control, the minister concerned shall be entitled to propose the payment of compensation to their workers. But the compensation shall not exceed what was distributed by the smallest company which distributed dividends and which works in a similar field of activity under the same public agency. A three-member committee, consisting of the minister concerned, the minister of the treasury, and the head of the government accounting office, shall be formed to look into exceptional cases.

1976

Decision No 835, made by the prime minister, determines the principles regulating the method of collection of the government's share of the profits of public sector companies.

1977

Decision No 441 made by the prime minister, stipulates raising the maximum workers' share of dividends from 50 pounds, decided upon by the Planning Committee in 1965, to 75 pounds, in view of the changes in purchasing power.

1978

The prime minister's Decision No 217 stipulates a modification of Article 4 of Decision No 571, made in 1977, which concerns the principles of cash distribution of dividends to workers in public sector companies. The decision stipulates that the distribution be such that a worker's share not exceed 75 pounds.

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EGYPT IRKED BY LIBYA; SETTLES ISSUES OF KUWAITI, SAUDI DEPOSITS

Cairo AL-AHRAM AL-IQTISADI in Arabic 15 May 80 p 8

[Article by Hasan 'Amir: "Egypt Lodges Complaint Against Libya With the International Monetary Fund"]

[Text] AL-AHRAM AL-IQTISADI has learned that the Central Bank of Egypt has submitted a memorandum to the government economic agencies, demanding that they take appropriate steps against the banking authorities in Libya. These are to include lodging a complaint with the International Monetary Fund to guarantee that Egypt will recover Egyptian deposits and financial rights in Libya which total 342 million Egyptian pounds.

The memorandum states that these amounts of money accumulated in Libya as a result of the activities of Egyptian contracting, land reclamation, and insurance firms.

The memorandum also says that the Central Bank of Egypt has about 15 million dinars worth of Libyan bank notes, and that the Libyan authorities have refused to accept them in return for their equivalent in Egyptian bank notes.

Settlement of the Problem of Deposits

It should be mentioned that government economic and financial authorities in Egypt have already reached an agreement with the International Monetary Fund to settle the problem of Kuwaiti and Saudi deposits. The memorandum also says that a delegation from the International Monetary Fund will come to Cairo, during the next few days, to pursue discussions concerning the loan which the International Monetary Fund has decided to grant to Egypt. This loan would amount to a billion dollars, spread over a period of 3 years, now that the problem of [the Kuwaiti and Saudi] deposits has been settled.

Egyptian government economic authorities may decide to bring up the matter of the Egyptian deposits which have been frozen in Libya.

It has also been learned that the Central Bank of Egypt is studying the attitudes of the monetary authorities in Algeria, Iraq, Syria, and Southern Yemen to determine whether these countries have [effectively] frozen funds which belong to Egyptian firms.

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## SOCIAL INSURANCE FOR EGYPTIAN WORKERS ABROAD DISCUSSED

Cairo AL-AHRAM AL-IQTISADI in Arabic 13 May 80 pp 33, 35

[Article by Dr Muhyi al-Din Muhammad Sa'd: "Social Insurance For Egyptians Working Abroad"]

[Text] Desiring to extend insurance coverage to Egyptians working abroad, the Egyptian government enacted Law No 74 of 1973 which grants Egyptian employees, who are bound by individual contracts with parties abroad, the right to participate in the insurance plan of the Public Social Insurance Commission in order to benefit from old-age pensions, disability insurance, and life insurance in accordance with Social Insurance Law No 63 of 1964.

In view of the fact that Law No 74 of 1973 was obscure and vague and was based on Law No 63 of 1964, which was abolished, it became necessary to enact a new comprehensive law for this system. The result was Law No 50 of 1978 regarding Egyptians working abroad. Its provisions have been in effect since 1 August 1978. We will discuss briefly the most important provisions of this law.

### Scope of the Law

The provisions of this law apply to the following categories of people:

1. Employees bound by individual work contracts.
2. Self-employed individuals.
3. Employees who are working in units of international and regional organizations inside the Arab Republic of Egypt under individual work contracts.
4. Individuals of the categories referred to in the previous paragraphs who are living abroad and have kept their Egyptian citizenship. For the provisions of the law to apply to him, the insured party must be at least 18 years of age, and may not be over 60 years of age. Needless to say,

the law also applies to employees who are on official leave of absence from the government, public sector, or private sector, because being on official leave of absence does not affect their work or employment status with the organizations in which they are employed.

#### Participation in the Insurance Plan

The insured party pays fees on the basis of 22.5 percent of the income bracket he selects from the schedule attached to the law. These categories begin with 15 pounds a month and go up to 250 pounds a month. It was decided to raise the income categories to this level in order to allow an insured party to receive the maximum pension provided for in the other pension laws--which is 166.67 pounds--in order that his rights be equal to those of others.

In order to grant an insured party the opportunity to receive a pension which corresponds to his total income, he is allowed once a year to change to a higher coverage bracket, provided that he is no more than 55 years of age by 1 January of the year following his request for the change. Of course, he is also allowed to request a change to a lower coverage bracket.

The law gives an insured party the freedom to change his initial coverage bracket to that of any higher coverage bracket. In such a case, he is obligated to pay the differences in monthly fees plus interest of 6 percent, as of the date of the beginning of his participation in the plan. This should be done in one lump sum, before he qualifies for payment of benefits by the system.

#### Payment of Fees in Foreign Currency

Payment of the fees is to be done in the currency of the country where the insured party is employed, or in one of the free currencies. As for employees working in units of international organizations, either inside or outside the Arab Republic of Egypt, they may pay in either foreign or Egyptian currency. The value of the foreign currency will be computed on the basis of market rates on the date of payment to the bank.

Fees are paid to the Public Social Insurance Commission through the bank assigned by the commission. The bank undertakes to credit the commission's account for amounts it receives. The commission is to be supplied with a receipt slip in accordance with the sample form provided (in Articles 7-10 of the regulation implementing Law No 169 of 1978 which was issued by decision of the minister of insurance).

The insured party is obligated to pay his fees, starting with the first of the month in which he begins his participation in the insurance plan. The fees are to be paid before the first of each month, or in advance every 3 months, 6 months, or annually. In case he fails to make a payment by the first of the month for which payment of the fees is due, he is obligated to pay interest of 6 percent annually for the number of complete months from the date the payment was due till the date the payment is made.

## Inclusion of Previous Periods of Participation into the Plan

The insured party is allowed to request that his previous periods of participation in the following social insurance laws be included in the current insurance plan: Social Insurance Law No 79 of 1975, modified by Law No 25 of 1977; Armed Forces Insurance and Pension Law No 90 of 1975; and Employers' Insurance Law No 108 of 1976. It is a prerequisite that the Public Social Insurance Commission should agree to this inclusion and determine the additional fees required to be paid by the insured party. The insured party must agree to pay these amounts either in the form of a lump sum or in installments, according to the regulations in force. Upon the death of an insured party, his beneficiaries have a period of 1 year, from the time of the death, in which to request inclusion of the previous periods. This is in case the insured dies before he makes this election, before he pays the required additional fees as a lump sum, or before he pays his first installment.

## The Insurance Plan Is Voluntary, Not Obligatory

In view of the nature of this insurance and the fact that it deals with Egyptians working abroad who are not connected with particular labor organizations in Egypt, it is impossible in practical terms to make application of its regulations obligatory for those for whom the regulations are intended. It is evident from statistics and studies made concerning this subject that the number of persons who have been insured in accordance with this plan amounts to no more than 5,000, whereas the number of Egyptians working abroad is more than 1 million. To obligate such Egyptians to participate in this insurance plan, it has been suggested that a link be made between approval by the authorities concerned of permission to work abroad and taking out insurance in accordance with this plan. In other words, permission to work abroad would not be granted unless a person subscribes to this insurance.

## Insurance Entitlements in the Plan

This insurance plan entitles insured parties to the following:

1. (a) Old-age pension: Insured parties are entitled to this upon reaching the age of 60, if the period of their participation has totalled 180 months, whether or not they continue to work after reaching this age. The pension is calculated by multiplying the participation period by the coverage bracket (or the average coverage bracket of the participant), provided the result does not exceed 80 percent of Coverage Bracket 45, or 166.67 pounds a month.



1. (b) Early pensions: These are paid out to participants before they reach the age of 60 on two conditions.

The first condition is termination of work abroad, provided that this fact is supported by documentary evidence which proves it, and is certified by the appropriate Egyptian embassy or consulate abroad.

The second condition is that the period of participation should not be less than 240 months. In this case, the pension is calculated according to the previously mentioned equation, and the percentage is lowered by between 5 and 15 percent, according to the age shown in the chart attached to the law. This reduction is due to the fact that the pension is initially calculated as if the participant had reached the age of 60.

2. Death benefit pensions or permanent disability pensions: The figures for these pensions are arrived at by calculating 65 percent of the coverage bracket or average coverage bracket, and increasing it to 80 percent if the death or disability was a result of a job-related accident, provided that the period of participation has been not less than 3 continuous months. Total disability or death are considered to be job-related, if they result from a sudden accident which occurred during or as a result of the performance of one's job, or while en route to, or returning from work--without any delay, stoppage or deviation from the normal route--or if the disability or death was a result of an occupational disease. In this case, it is a condition that the disease be related to the work which is performed by the insured party.

3. Additional compensation: Its percentage varies between 267 percent of annual income for people who have not reached the age of 25 and 20 percent for those who have reached the age of 65. It increases by 50 percent in cases of death or disability resulting from a job-related accident.

4. Beneficiary's death allowance: It equals the salary of the deceased for the month of death and the 2 following months.

5. Funeral grant: It is paid at the rate of 1 month's salary, 50 pounds being the minimum payment.

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# CONFUSED SITUATION IN IRAN AWAITING DECISIVE WORD FROM KHOMEYNI

Paris AL-MUSTAQBAL in Arabic 28 Jun 80 pp 38-40

[Article by As'ad Haydar: "In the Absence of the Imam and Within the Struggle in Tehran: Centralization of Authority and the Decision-Making Process"]

[Text] "The easiest stage in a revolution is taking over power. The most difficult stage is that following the triumph of the revolution, because it is one of reorganizing the new authority. The third stage is that of reorganizing society. We are still in the second stage and have not yet reached the doors of the third."

This statement by President Abolhasan Bani-Sadr to AL-MUSTAQBAL defines the status of the revolution in Iran at present, and sums up the stage that Iran is experiencing. The battles of words, which sometimes turn into armed clashes are nothing more than a change of arena for the quarrels going on both secretly and openly over "how to reorganize the establishment."

A member of Bani-Sadr's office sums up the situation as follows; "After about a year and a half since the triumph of the Islamic revolution in Iran, we observe that those who won their legitimacy won it in the following manner:

The Iranian masses by launching the revolution.

The revolutionary guard by defending the revolution.

The revolutionary committees by maintaining law and order at the outset of the victory of the revolution.

The revolutionary command council by helping to lead the revolution.

The government through its management of the country.

The president of the republic through his election by the people and through the challenge of assuming responsibility and completing the revolutionary process in the country.

The consultative assembly through the popular elections.

It is clear from all this that the legal standing of each segment arose from actions or elections. However, the current struggle in Iran is about the selection and application of the correct program to run the country." The problem that makes it difficult to select this program is the fact that each faction says, stresses and reiterates in its proclamations and statements that it is the one that has the right to set "the train of the Iranian state" on the rails of its program because it is the most faithful to the line of Imam Khomeyni and will do the most to safeguard this line. Along this line, based on the map of the political reality, this struggle is now going on among a body of political forces which have not changed since the outset of the revolution but which have grown more radical in their propositions and, consequently, in their disputes. The delay in this radicalization stems from the fact that all the forces opposed to the regime of the deposed Shah were victorious over the regime at one time without one running ahead of another and without even a mere "acquaintanceship" with one another and the rival forces in the Islamic Republican Party, President Bani-Sadr and the movement to liberate Iran, without forgetting that there are other forces on the fringes of this struggle, such as the Mojahedi Khalq, the Marxists and the communists. The struggle in its most critical stages currently centers around Bani-Sadr. This has been exacerbated by the fact that Bani-Sadr himself has turned into a focal point for pressure from his right and from his left, rather than having forces rally around him as should have happened or at least as was to be hoped for.

President Bani-Sadr, who won his legal standing by getting 70 percent of the votes of the Iranian people, has found himself after the election of the consultative assembly without a strong and effective deterrent to protect him on the legitimate establishment front and the Bani-Sadr "wing" has discovered only the consequences of the success of the Republican Party in its leadership of the post-presidential election phase. It is now clear that the Islamic Republican Party, under its troika leadership comprising Ayatollahs Beheshti, Rafsanjani and Khamene'i, is practically leading a "holy war" against Bani-Sadr under the banner of applying the Islamic constitution which effectively limits the powers of the president of the republic. The party wants the post of prime minister and, naturally, the chairman of the consultative assembly. The party has, therefore, hastened to nominate one of its less prominent members for the post, Minister of Interior Kalantari, or Salim Mir, the Director of the Interior, to counter President Bani-Sadr's nomination of Ahmad Salamatiyan, a deputy in the consultative assembly and his right-hand man. In containing this

nomination and in an attempt to bring other factions in on his side, Bani-Sadr proposed the name of Hasan Habibi, his earlier rival for the presidency, for this post. Although there were signs that the Imam would accept this name, this did not become official because of the stubbornness of the Republican Party. It should be noted that Bani-Sadr offered an additional concession when he promised to retain more than 80 percent of the present ministers as members of the new government, his goal in all this being to gain time in this critical stage in preparation for the future. When AL-MUSTAQBAL asked Salamatiyan how this proposed government could govern when the earlier one could not, he replied, "It is a transitional government, no more, no less." The odd thing in all this is the fact that Bani-Sadr himself and those around him stress the need to impose centralized authority and to bring down the various centers of power. Republican Party circles in turn emphasize this with the objective of setting Iran on the road to operation. What the party wants, however, is to implement centralization of authority to its advantage, not to the advantage of Bani-Sadr. This was stated to us by Jalal al-Din al-Farisi, an earlier candidate for the presidency and a senior person in the Republican Party, who said, "We support centralization of the decisionmaking process but on the basis that this move not take place in Bani-Sadr's office; rather decisions should be tripartite, made jointly between the president, the government and the assembly." If we take this constitutional statement at face value, this means giving the "job of decision making to the party" as long as it has the posts prime minister and the chairman of the assembly. Something which would increase the scope of the assembly's decisions is the fact that the candidate for the post of prime minister would be either Rafsanjani or Khamene'i, that is, the most hard-line people in opposing Bani-Sadr.

Naturally in opposing Bani-Sadr, the Republican Party is relying on its announcement that it has a majority of the members of the assembly and it emphasizes that its bloc totals 130 deputies out of 240, while Bani-Sadr's bloc does not have more than 30 deputies, the rest, about 110 being independents. In this setup the party has a little less than a majority. However, Bani-Sadr circles say that it is true that Bani-Sadr's bloc has 30 deputies but the party bloc does not exceed 85 while the rest are independents. This means that the Republican Party bloc is not a majority but is "the effective minority" bloc. Add to this the fact that the independents are not independents in the full sense of the word but also have their wellknown positions and programs. Among the independents are Ayatollah Khalkhali, Hojatilislam Mohamed Montazeri and Dr Mohamed 'Ali Hadi on the one hand, and Ebrahim Yazdi and Mustafa Chamran on the other (the latter two are from the Iran Liberation Movement).

The pressure on Bani-Sadr is not restricted to the Islamic Republican Party but also comes from the "Iran Liberation Movement" which previously lost some of its positions and is trying to recoup them. It does not hesitate to use every means to apply pressure or to exacerbate the struggle



between the party and Bani-Sadr by supporting the weaker side against the other at a given time with this support shifting with a mere change in the balance of power. For example, Ebrahim Yazdi, editor of the newspaper KEYHAN, did not hesitate to engage in editorial writing praising the detention of the American hostages and execrating Brzezinski, the planner of the attack against Iran while Yazdi was the first to pay the price for opposing the occupation of the embassy and meeting with Brzezinski in Algeria during the funeral of the late President Boumedienne without the approval of the Revolutionary Command Council. This shows Yazdi's leaning toward the Republican Party. With regard to Sadeq Qotbzadeh, he did not hesitate during the international conference for discussion of American intervention in Iran to threaten to sabotage the conference by raising the Afghan issue if he were not given the chairmanship of the conference. He also acted with extreme harshness against the conference committee and even against the American delegation which was supported by 12 Western delegations when the issue of forming an international commission to deal with the hostage affair was raised with the objective of keeping negotiations right in this hands, whether with the West as a whole or with the Americans. He did not hesitate at all when the conference was over to make a European tour to meet with members of the socialist countries in a step obviously designed to follow up his efforts to win "the war of the hostages" against Bani-Sadr. On some occasions, prominent personages from "the Front to Liberate Iran" did not tarry in supporting Bani-Sadr in words or actions whenever they felt their calculations required that. Had the mutual pressures been confined to political tactics, the matter would not have amounted to much but the armed clashes, which first took place in the universities and then with the Mojahedin-e Khalq put the struggle on the Islamic revolution in Iran as whole. These clashes were the first sign of the shape the struggle would assume were events to continue their present course, particularly if the domestic and foreign armed clashes alike were added to it.

With regard to the university clashes, it should be noted first that all factions from the far right to the far left, and naturally the Iranian masses, are in agreement with the principle of raising the "cultural revolution." All factions recognize that the universities, the focal point for making the generations of tomorrow, had succeeded in wrecking a generation or two completely through their educational policies which were overseen by SAVAK and American intelligence and, therefore, needed reshaping to restore both an Islamic and Iranian dimension to their curricula. However, what happened was that this "revolution" was used to serve objectives far removed from their goals and this forced Bani-Sadr to halt it. Also, according to the Communist Tudeh Party, it was launched at a "poorly chosen time." Under the slogan of "the revolution," there was an attempt to strike a blow at the Mojahedin-e Khalq within the press to strike the other leftist forces except for the Tudeh which had stayed out of the limelight of the struggle. It was odd that some ayatollahs raised



the issue of the "cultural revolution" in forms that appeared to be different which forced Imam Khomeyni to intervene to halt them. Among other things, one of them (there is no need to mention his name) raised the issue of Islamic medicine, that is, distinguishing between male and female medicine but Imam Khomeyni hastened to state, "There is no Islamic medicine or engineering; there is medicine or engineering and you either accept all of it or reject all of it."

The physical struggle against the Mojahedin-e Khalq basically falls within a scenario involving the depriving of revolutionary Iran of its effective forces or, at least, fragmenting them. The focus by the Republican Party on the Mojahedin-e Khalq arose from fear about the possibilities of the future, Bani-Sadr having earlier held out his hand to them and they having hastened to open bridges to him, both secretly and openly. Many observers emphasize the possibility of an alliance in which the Mojehedin would form Bani-Sadr's "armed right arm" in addition to supporting him on the revolutionary Islamic level acceptable to the young people of Iran. Were this alliance to come about, many things would change in the balance of power. According to circles in Bani-Sadr's office, the Iranian president informed Masoud Rajvi, the head of the Mojahedin-e Khalq, that for him to announce publicly, on television, even during a debate with him personally, that the Mojahedin-e Khalq was Islamic in nature and that they did hold to any other intellectual or ideological thrusts would open wide the doors of cooperation between them on the one hand and, on the other, the Republican Party, with Beheshti in the forefront, would lose its trump card.

The war over choosing a program did not end here but expanded to encompass other centers of power, the most prominent being the Revolutionary Guard. This "guard," which had established its presence since its establishment and which had become "an ideological army" for the revolution is subjected to many factors pushing and pulling at it. Those in charge of it had been able in the early stages, or to be more exact, in early April last year, to eliminate (by expulsion) certain "pockets" that had tried to retain their loyalty to Ebrahim Yazdi, rather than fusing into the guard. However, since that time, the struggle has become wide open. The leadership of the guard, like the Iranian people, is plunging into the experience of enthusiastic ideological affiliation to make up for past historic repression. The resignation of Abu Sharif, the commander of the guard, came only after a long struggle with the other elements of leadership of the guard who were committed to the Republican Party line. According to an informed source, Abu Sharif chose to resign after a meeting of the general council of the guard which included about 120 members from various parts of Iran where 90 members voted against and 20 voted with Abu Sharif, with 10 abstaining. It should be noted that Imam Khomeyni chose to back Bani-Sadr in this area because he knew that the guard could not stand a drawn-out struggle. This support began in a speech which the Imam delivered to the guard during the military review in front of the American embassy when he called upon them "to obey Bani-Sadr completely" and then to

reestablish Abu Sharif as commander of the guard which would bring about its reorganization and the downfall of certain leading elements committed to the Islamic Party line.

With regard to the Iranian army, there has been a lot of talk about it, particularly after the American Tabas operation. Although this army is not putting any pressure on Bani-Sadr, it is applying pressure on the republic as a whole and, through the border clashes and the Kurdish clashes is being strengthened and organized. It still, however, is not a national army in the sense of an army of the revolution and the republic and its "Shah-in-Shah" ideology will take a lot of effort to erase and replace with the ideology of the homeland. Even now there is some mutiny and insubordination within sectors of the army against the orders of the state. Bani-Sadr himself announced in Bushahr, "I have seen some military men who have caused breaches of order at the airbase and the government will retaliate." The recent changes in leadership in the army are nothing more than the partial result of such incidents and others. However, the American Tabas operation and the announcement of the conspiracies made it absolutely clear that this army had not yet blended with the revolution and that some elements of its leadership were trying to grab power. Within the scenario of the Tabas operation, it is now established that there were internal elements ready to cooperate with the American forces coming from Egypt. Some informed sources in Iran indicate that President Carter's haste in announcing the failure of the operation was designed to stop the movement of internal forces. Proof of this is that an Arab official sent a telegram to his embassy at 0800 Tehran time asking what was going on and whether there were any planes above the capital? The embassy's answer was that there was nothing going on in Tehran. When the telegram repeated the question, the response of the Iranian officials to the embassy's query was that there was nothing going on. All of this proves that President Carter, at the instigation of his aides, was afraid that "the fifth column" in Tehran would be discovered. Some informed sources add to all of this some important questions which clarify what happened, mainly:

1. Why was the interrogation of the bus driver whom the Americans took hostage cut off, particularly since he had said, "I didn't pay much attention to the presence of aircraft on the runway having a number of times earlier seen aircraft landing and taking off from the runway (meaning the Tabas airfield which was supposed to be not in use) at various times?"
2. Why was the commander of the Revolutionary Guard in Yazd assassinated?
3. Why was there no publicity about the killing of 20 revolutionary guardsmen during the bombing of the airfield by the Iranian air force after the Americans withdrew?
4. How could the huge Hercules and helicopter aircraft come in without defensive aircraft to protect them unless their route had been secured through collusion with the Iranian air force?

7. [As published] Why did Iranian aircraft bomb the American aircraft, destroying the documents which would have at least clarified the route of the aircraft?

The resignation of the chief of staff who, for all practical purposes, was relieved of duty, as well as the remanding to trial of dozens of officers on the charge of conspiring against the security of the state, is nothing more than clear proof of the difficulty with which the army is facing the government of Bani-Sadr.

Given this struggle, opinions on Iran by Iranians and observers alike are almost split between those who are plunged into despair over the situation and optimists who see a brighter future.

The pessimists cite a number of reasons, most prominently:

The fact that the revolution has not provided economic gains for the poor of Iran, something which will have a negative impact on it in the future. The domestic and foreign wars which are aimed at relying on the army before it is remodernized and rearmed.

The wars inside the country, mainly the Kurdish war.

Support for the right-wing plan by some clerics and the deepening alliance with the Moslem Brotherhood on the Arab world level, disregarding the history of its leadership in an earlier stage, particularly the 'Abd-al-Nasir stage.

The continued economic deterioration.

The continued interaction with the state with the logic of the revolution. To put it clearer, "acting with the Karbala' psychology" although what is needed is more productive life, not more doctrine.

The optimists have a different view of the situation, perhaps arising from the reasons for the optimism itself. They say, "The situation is difficult but the factors behind the success of the revolution still exist to make it succeed. The right-wing has not been strengthened but it is very active, both domestically (Beheshti and Chamran) and abroad (Bakhtiar and Hasan Nazih). We in Iran have found our identity which had been missing for more than 100 years. We are a people accustomed to a swaggering way of life and so can stand more than others. With regard to the strengthening the army, the decision making process is still in the hands of the troops and they are capable of frustrating any movement on the part of the senior officers. Acting in the Karbala' psychology is a warning to any party against venturing upon any armed action because a people prepared to offer thousands of martyrs is a people destined to triumph however costly the price."

After the optimists and the pessimists finish setting forth their views, they conclude by saying; "There is still the key to the decision making process, Imam Khomeyni. Khomeyni, who constituted a symbol and leader of the revolution and who is currently its guide, is now the revolution's insurance. A word from him will bring down both pessimism and optimism and will impose a fait accompli." As to why the Imam sets himself in motion and says what he has to say, those around him state, "The Imam's position has always been focussed on keeping an eye on developments and the Imam only intervenes at an essential decisive point. The struggles now going on among the various political forces are in fact an essential operation because it is the exercise of power that distinguishes the bad from the good and so the Imam's activity will not be far away."

However, other factions say that the Imam's delay in making decisions stems from his long recuperation after his illness and this recuperation obliged him not to keep a personal eye on the situation, following it only through what he heard. By virtue of his staying at home, he heard only his son, Ahmad Khomeyni, who is known for his close relations with Rafsanjani and Mustafa Chamran, plus the fact that his wife is the sister of Sadeq Tabatab'ei, a kingpin of the Iran Liberation Movement. In any case, the period of the Imam's recuperation is almost over, his mere return to activity and his keeping an eye on the situation, as was apparent during his speech to the Guard and from Ahmad's Khomeyni's speech in condemning the attacks on the Mojahedin-e Khalq, will put matters in their proper place.

Those who expect the Imam to speak out to decide things feel that after Khomeyni succeeded in "constitutionalizing" the revolution by building its constitutional institutions, he will give his decision on the side of the legitimate establishment. Bani-Sadr derived his legitimacy directly from the people and not like Beheshti, through political maneuvers. The resolution will not be direct but symbolic. The main possibilities for this are:

1. The Republican Party will be called upon to convene a general congress during the next 2 months during which there will be changes in the leadership, particularly after the obvious anti-Bani-Sadr activity by some leading elements in inciting clashes (Hasan Abat). Some expect Jalaladin Farisi to have a decisive position in this regard after disclosure that the character of the struggle had sunk so low as to almost threaten the revolution itself. It is not unlikely that Beheshti will be contained, particularly since al-Mawsavi al-Ardabili, the person in charge of the ideological department, is not in agreement with him.

2. Bani-Sadr will put forward a government headed by Ahmad Salamatiyan or another of his aides to the Consultative Assembly. The assembly will vote it down and it will be reformed and the assembly will revote and this will give Bani-Sadr constitutional authority to dissolve the assembly and call for new general elections, allowing him to enter another election campaign that could give him a majority.

The continued escalation of the struggle in Iran in this manner and its transformation from a struggle over "the program of the revolution" into a question of existence will propel the situation toward armed clashes which many forces want and for which they are preparing in order to convert it into a civil war that would drop Iran and the revolution into the abyss, as Ahmad Salamatiyan told AL-MUSTAQBAL, "The fear is not for a military coup; rather the real fear is for a civil war."

All of revolutionary Iran is awaiting the decisive word from Imam Khomeyni.

8189

CSO: 4902



## PURGES BECOMING STANDARD POLITICAL PROCEDURE

## Program of Esfahan Governor

Tehran JOMHURI-YE ESLAMI in Persian 25 May 80 p 10

[Text] According to the JOMHURI-YE ESLAMI correspondent in Esfahan, yesterday morning, in the meeting held to introduce the governor general, after the reading of the verses of the Koran, several brother representatives expressed appreciation on behalf of various groups and provincial officials for the industry of Brother Mohammad Kazem Bojnurdi, the former governor general, and they wished him every success in the bastion of the Majlis in making the Revolution permanent. Then, Brother Mohammad Kazem Mosavi Bojnurdi enumerated some of the country's important problems, and said, "I am not leaving for the Majlis because I have become tired of executive work; rather, this is the formative stage of the governing wings, and this formative stage will play a key role in the fate of the Revolution. Moreover, the Islamic Consultative Assembly will play an important role in making the Revolution permanent and I hope, with the help of God, to be diligent in making the Revolution permanent." Then, Brother Salek, commander of the Esfahan [Revolutionary] Guards Corps, took his place behind the lectern and, while severely criticizing the responsible authorities of the province, he enumerated some of the inefficiencies of the departments, and said, "I am speaking to you out of compassion and for the sake of the blood of the martyrs. If you perform some task for the sake of God, then God will reward you; if you perform the task for the sake of position, authority and rank, from the standpoint of Islam and in our opinion, it is worthless and futile. You must ask yourself, 'What work should we have done, and what work did we do?' Then we shall see that all of the dissatisfactions of the people stem from these departments."

## Remnants of the Previous Regime in the Departments

"Unfortunately, there are still remnants of the previous regime in the departments, and they do not do anything for the persecuted people. Unfortunately, when you go into some of the departments, the culture of the monarchy and its decadent system prevails. I hereby warn all of you that, if you do not mend your ways, and if we do not start to think of the hard-working

masses, the anger of the masses will become crystallized in their hands and, just as they smashed the previous decadent regime, they, themselves, will embark directly on a purge and, then, we will not be able to restrain the revolutionary anger of the people. I ask all of you to work for the sake of God, because God's power will back you and the people will support you." Then, Brother Sayyed Esmā'il Davoudi, the new governor general of Esfahan, began his speech by praising the spirit of the martyrs.

#### Earliest Possible Purge of the Departments

He said, "With the brief evaluation that I have made in these few days and with the contacts that I have had with advisors and responsible authorities of the province, I view Esfahan as a model city. We must make sweeping changes in the departments as soon as possible and launch the cultural revolution. I hereby notify all of the authorities and department officials that they should take note of the organization and structure of the Corps and the National Mobilization Organization and how they have taken shape and that, if they wish to move like turtles as in the past, then we will rely on the above organizations." Then Brother Davoudi enumerated the main points of his future program as follows:

- "1. We must define our course, goal, and direction and be innovative.
- "2. Our rules and relations must be Islamic.
- "3. The tasks must be based on thoughtful planning, consultation, and determination of policies, and then, movement within the framework of that planning, in the direction specified and within the culture specified.
- "4. The forces of the youth and creative revolutionary forces must be used."

In conclusion, while relating some of the problems, the governor general, invoking the verses of the Koran, invited all of the authorities and officials who are faithful to the Revolution to cooperate in making the Revolution permanent, and he wished them success on the road toward the holy goals of the Revolution.

#### Purge Committee Measures

Tehran JOMHURI-YE ESLAMI in Persian 21 May 80 p 10

[Text] The committee responsible for purging and rehabilitating the departments was asked by the responsible authorities about probable changes regarding the purge (ETTELA'AT article dated 29 Ordibehesht 1359 [19 May 1980]).

"The righteous and the wicked should not be lumped together so that the righteous become reluctant to do good and the wicked are encouraged to do evil; reward or punish each appropriately (Reward the Good and Punish the Wicked). Document from Hazrat 'Ali to the camel owner, Section 20 and 21."

The concept of the Islamic Government, an outstanding example of which in the Islamic world was the era of Mohammed and the rule of 'Ali, always kept in mind the heroic Moslem people of Iran, and they, too, have always insisted upon this in all of their marches and slogans.

This became a demand because the monarchy had totally depleted the nation materially and spiritually and had consigned Islamic justice to oblivion; but, after the victory of the militant Moslem people of Iran over the lever of power of the regime, the people expected and were certain that the government that they, themselves had elected would eradicate to some extent discrimination, oppression and injustice and would move more in the direction of the helpless. Unfortunately, however, the actions of the provisional government, day by day, transformed the hope of the Moslems to disappointment, especially with respect to the departments that had been the most basic lever of power of the regime and, on various pretexts, had sucked the blood of these deprived people. It was because of this that the Imam cried out and ordered that the departments be purged. This task was carried out, but unfortunately, every day, some of the responsible authorities, on various pretexts, were able to portray this urgent, revolutionary task as futile, and they were trying to eradicate Islamic revolutionary concepts. The [word illegible] messages of the Imam regarding the departments, especially the Imam's New Year's message, warned the officials, but they continued to do as they pleased and, every day, they approved various bills regarding individuals who were subject to purge; for example, Freemasons, who should have been arrested or kept under surveillance, were honorably retired. They displeased and angered the people (the complaints that were sent to the Purge Committee in this regard are proof of this). An example of these complaints is the complaint that was published recently in an afternoon newspaper during the month of Ordibehesht [21 April-21 May].

It has been stated regarding the retirement pensions of retirees and workers who will be dismissed, that, regarding the former, the retirement pension will be determined and calculated based on the wages they were receiving prior to separation; regarding the latter, retirement wages will be determined and calculated based on the appropriate regulations and the sum of their years of service on the date of separation. This applies to those people who have families; whereas, many of those people who have been discharged are not actually living inside Iran and the rest, too, with rare exceptions, have plundered the treasury and now are extremely wealthy. Here, one must ask why some of the responsible authorities are divulging matters that are not in keeping with Islamic revolutionary movement, i. e., movement on behalf of the weak, and are giving close attention to the important people. (One should not do anything to discourage the righteous from doing good every day and to en-

courage the wicked to do evil.) We are not saying that individuals who are discharged should be banished totally from society and that no thought should be given to their families; rather, we propose that, instead of allowing these people to collect pensions while remaining idle in society and useless to others, with plenty of time of their hands for indulging in conspiracies, while the biggest segment of society, i.e., the weak, among them the laborers and farmers, go to bed at night hungry, action should be taken to gather all of these people, both those people who are important or the insignificant segment which is weak, in camps (other than the Reconstruction War Camps), called Development Camps and assign them productive jobs so that, in exchange for receiving their retirement pensions, they will have performed positive work for these deprived people.

In the meantime, they will be under supervision so that their probable conspiracies can be checked and they can be given revolutionary training in the camps until the haughty and evil attitude that any kind of productive work is beneath them has been erased and Islamic and non-aristocratic concepts have been instilled in them. In addition they will be making a contribution to the country's production. We hope that the responsible authorities at every level will try to follow the Imam and propel the country's work toward the guidance given by the Imam and not anger these poor people any further.

Here, we will consider these unilateral decisions resulting from uninformed and well-meaning officials who, after a visit from, and perhaps pleading by, some of the seditious people, adopt emotional decisions out of gullible naivete that nullify earlier decisions. For example, we mention three verdicts of the Revolutionary Public Prosecutor's Office and how it issued three contradictory verdicts regarding a certain matter. It would be well, for seeing that justice is done, if they would keep uppermost in their minds the best interests of the weak. If they operate on this basis, they will never be faced with self-contradiction and they will be in line with the Imam; otherwise they will not.

8514

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IRAN-U.S. RELATIONS ANALYZED BY FRENCH JOURNALIST

Paris LE MONDE in French 17, 18, 19, 20 June 80

[Article by Eric Rouleau--passages between slantlines originally published in italics]

[17 Jun 80, pp 1, 4]

[Text] The /saga/ of the Iranian revolution has undergone many twists and turns, and doubtless will undergo more. Of all of them, the one which occurred on 4 November of last year marks a turning point, not only in the struggle for power within the Islamic republic, but perhaps also in international affairs. On a bright morning, that day, some 400 students lay seige to the compound of the U.S. Embassy in Tehran, occupy it without striking a blow, take hostage its personnel, and demand--in exchange for their liberation--the extradition of Shah Mohamed Reza. In its bizarre character, and in the gravity of its possible consequences especially for world peace, this act of defiance is unprecedented.

The gulf which separates the Iranians and the Americans seems at first unbridgeable. Opinion on the other side of the Atlantic is outraged doubly, by the violation of diplomatic immunity and the object of the blackmail. The ex-sovereign, being treated in a hospital in New York since 22 October, is the object of the compassion, even the broad sympathy of many Americans who see him as a victim. Over a 25-year period, the /mass media/ have most often presented him as an enlightened autocrat, dedicated to development and to the defense of the independence of his country, which was threatened by the united opposition of the /"reds"/ and the /"blacks"/, that is of the Marxists and the obscurantist mullahs. These latter would not have been able to carry the day, according to the very serious review THE WASHINGTON QUARTERLY this spring--and others agree--but for the shah's reluctance to spill the blood of his subjects....

The taking of the American diplomats as hostages quite naturally aroused passionate reactions in the United States: vindictive articles against the /"fanaticism"/ of the Iranians, cartoons of a Khomeyni with a hideous visage spring up in the press; the portrait of the imam is used as the target in



dart games, especially in public bars; the youth wear T-shirts on which are displayed abusive phrases (usually vulgar) regarding the patriarch of Qom; on various university campuses students burn the flag of the Islamic republic, give chase to their Khomeyni-ite classmates, or shout with a bravado air: /"Roast yourself an Iranian."/

In Iran, the popular anger does not degenerate into xenophobic violence. The journalists, photographers, and cameramen from America, who with difficulty clear a way for themselves through the sea of demonstrators along the approaches to the U.S. Embassy, not only are not molested, but are often the objects of gestures of friendship. The population, like its leaders, studiously distinguishes between the American people and the /"imperialists"/ who govern them. The outside walls of the embassy are covered with posters and photographs illustrating the /"atrocities"/ committed by the United States or their /"agents"/ in Vietnam, Cuba, Thailand, Chile, Nicaragua, "Palestine," and, of course, in Iran under the monarchy.

On the whole, it is hatred of the shah more even than the love many of them bear for the Imam Khomeyni that unifies the Iranians. If Khomeyni is opposed by the ethnic minorities, by the parties of the left, by the liberal bourgeoisie, the people act in unity when they come to denouncing the misdeeds of the former dictator. The people's marches, bringing together millions of people, are of a size and fervor comparable to the delirious excitement which characterized the demonstrations directed against the monarchy in 1978-1979.

#### Mr Carter's Support for the Shah

The Iranians willingly connect--even to the extent of confounding them--the ex-dictator to his trans-atlantic protectors. No one forgets that Shah Mohamed Reza was reestablished on the throne, in 1953, by a coup organized and financed by the CIA; since then, the CIA had never ceased helping him while he brutally crushed any stirrings of opposition. For 37 years he benefitted from the unswerving support of seven successive American presidents, including Mr Carter, despite the latter's professions of faith in human rights.

In the course of a banquet given in Tehran on 31 December 1977, about 1 month before the popular insurrection bursts out, the chief of the White House lifts his glass to render a ringing homage to his host, /"our close friend and ally"/, whom he thanks for having made of Iran /"an island of stability"/ in a sea of international turbulence.

Mr Carter added with the same imprudence that the statesmanlike qualities of the shah have earned him /"the respect, the admiration, and the love of (his) people"/. In the summer of 1978, [while Iran is] bubbling over with revolutionism, the American President effusively reassures the Iranian ambassador, Mr Zahedi, who was returning to Tehran: /"Don't worry about what Washington will do; I will be your ambassador in the United States,"/ he tells him. On 8 September 1978, the shah's army opens fire on unarmed

demonstrators killing several hundred (several thousand, according to the opposition). The day following this /"black Friday"/ Mr Carter telephones from Camp David--where he is presiding over the Israeli-Egyptian peace negotiations--to revive the shah's confidence.

### The Atrocities of SAVAK

It was not a gesture of [merely] platonic solidarity. The bullets fired by the Iranian security forces came from American arsenals. Just like the munitions which were used to repress the student insurrection of 4 November 1978 exactly 1 year to the day before the occupation of the Embassy of the United States. In fact, Washington was sending the imperial army supplementary supplies of equipment necessary to the repression: tear-gas, clubs, helmets, flame-throwers, hand-grenades, and other light weaponry. The helicopters that raked the crowds with machine-gun fire, the armor that crushed the demonstrators in passing them, were alike /made in the U.S.A./. For 25 years the shah's army had mainly been equipped, transported, and staffed through the services of the Pentagon. Some 8,000 "advisers" or American military experts reside in Iran to forge one of the two principal instruments of imperial power, the other being SAVAK.

The terror wrought by the shah's secret police, with its 50,000 permanent agents and hundreds of thousands of informers, is still fresh in everyone's memory. Merely mentioning the name of SAVAK today provokes among Iranians feelings like those which Europeans felt about the Gestapo right after World War II. Some 500,000 men, women, and children, it is estimated, were in internment camps or the dank prison cells--1.2 by 2 meters--into which were crowded up to 3 or 4 persons.

Those who succeeded in escaping the quick trials before special tribunals, summary executions, assassinations, and death under torture, are not yet finished testifying to the tribulations they have endured. The stories of the victims, or of their close relatives--like that of Mr Rezai, whose three boys were killed by SAVAK--persist in public meetings, sometimes on the radio, on television, and in the trials in the course of which they are confronted with their torturers, some of whom have described in detail the cruelties they administered in order to extort "confessions."

Thus we have learned, among other things, that suspects were at the start thrashed, hung by the feet, and whipped using wire rope, subjected to electric shocks; that their nails were pulled out one after the other as were their teeth; that they were impaled on broken bottles; that white-hot needles were used to pierce holes in the face, to perforate the tympanum or to pierce the eyes of the victims; that injections in the spinal marrow were used to induce paralysis; that some were finished off by forcing them to swallow a cyanide tablet. A former SAVAK chief, presently incarcerated, Mr Hassan Sana, reports that the ex-shah--particularly disturbed by the agitation which was endemic in the universities--had students who had been sentenced to prison terms secretly executed shortly before they were to have been released.

By way of /"psychological"/ pressure, the /"guilty"/ were sometimes tortured in the presence of close relatives--a father or mother preferably--some of whom lost their sanity. It is a matter of public notoriety, for example, that a universally respected ayatollah--whose name we will not mention for understandable reasons--was constrained to watch the rape of his own daughter, before being himself subjected to vile cruelties. SAVAK agents pushed their sadism so far as to film torture scenes--which the former monarch used to watch, according to a relative--and to photograph their victims systematically. Thus in Tehran today one can leaf through the /"albums of horrors"/ filled with the cadavers of women, men, and adolescents frightfully mutilated.

Up until quite recently, the Government of the United States professed itself to be completely unaware of the atrocities committed in Iran. And this despite the overwhelming weight of reports put out at the end of each year by various organizations for the defense of human rights--notably Amnesty International--and by groups of American or European jurists; and despite reports published in the international press, especially in the SUNDAY TIMES (of 19 January 1975) following a patient and detailed 2-year investigation.

#### Cooperation or Complicity With the CIA?

However, testimony and documents which are irrefutable have recently come to discredit the statements of the American officials. A secret report of the Senate Foreign Affairs Committee--revealed during a television broadcast 2 March by CBS--confirms what was already known: SAVAK was established (in 1957), organized, and financed with the help of the CIA (as well as the collaboration of the Israeli and British [intelligence] services, which had put "advisers" at its disposal.)

The American intelligence agency trained the shah's agents in Tehran and in Washington, notably at the International Police Academy, now defunct. Every year, 35 SAVAK officers completed their training in the United States, 24 in Israel, and 15 in Great Britain. Both the ex-deputy for security, Mr Hassan Sana, and Mr Jesse Leaf, a former high official of the CIA, report that one of the courses offered covered /"intensive interrogation techniques"/ including torture. Mr Leaf charges that a Nazi manual figured in the program, while another former member of the CIA asked about this point by the American weekly THE NATION (1 March 1980) categorically denied this assertion. However that may be, Mr Hassan Sana is explicit: the United States was furnishing Iran with sophisticated instruments of torture, including the "Apollo helmet," whose operation he describes in detail (SEVEN DAYS, New York, 14 April 1980).

There is every indication that American officials were perfectly aware of the conditions of incarceration in the Iranian prisons. /"You would have to be blind and deaf not to know it,"/ says Mr Jesse Leaf, who served as an analyst at the CIA's headquarters in Virginia. And he is required, at least, to be mute: when in 1972 he prepares to put together a summary of tortures practiced in Iran, his superiors in the hierarchy order him to abandon it.

A similar experience drove Mr Max McCarthy to resign in 1976 from his position as press attache at the United States Embassy in Tehran. When he became indignant about the /"savagery"/ of SAVAK and the /"indifference"/ exhibited by his colleagues in the face of it, he reports, his ambassador, Mr William Helms--who has previously served as the head of the CIA--asked him to observe silence with Western journalists passing through, both about the comportment of the Tehran authorities and about the hidden role of the United States in Iran.

Corroborating information confirms that SAVAK and the CIA maintained close relations up till the fall of the monarchy in February 1979. Some 50 officers in the American agency resided permanently in Tehran, not to mention some 100 /"retired"/ intelligence experts employed by the Iranian Government. Mr Hassan Sana betook himself regularly to the United States Embassy to hold discussions with his CIA counterparts, /"who served us as advisers,"/ he says.

Cooperation or complicity? Judge for yourself: SAVAK in 1976 orders one of its agents, Mr Khan Pita, to assassinate two opposition personalities: Mr Sadeq Ghotbzadeh (the present head of Iranian diplomacy), who was then living in France, and Mr Nasser Afshar, who published an anti-royalist newspaper, IRAN FREE PRESS, in the United States. The project fails, the hit man having become a turncoat upon arrival in Paris. The Senate Foreign Affairs Committee learns, upon completion of an investigation of officials, that the CIA and the State Department had been previously informed of the criminal enterprise. An aggravating fact: the authorities in Washington, curiously, did not deem it useful to object to the SAVAK plan or even to inform Mr Afshar, even though he was an American citizen, of the fate which awaited him....

Leaders in Washington refuse to explain their actions in this affair, or in general their responsibility for the shah's reign of terror. President Carter continues to maintain that the United States /"has nothing to apologize for"/ and prefers to speak of the /"inhumanity"/ of the ayatollahs. Mr Brzezinski, his principal adviser, still wonders whether the students, the Islamic militants, who are occupying the embassy are not, in reality, professional agitators of the Tudeh Communist Party.

More conciliatory than his counterpart, President Bani-Sadr has publicly admitted on several occasions that the detention of the diplomats is contrary to international law and to Islamic morality. But he asserts that, things being the way they are, the problem remains insoluble as long as one persists in the wish to dissociate the hostage affair from that of Iranian grievances against the United States. Such a solution, however, assumes that Washington be ready to close the book on a chapter of history, to lose definitively what was one of the brightest jewels in the "American empire."

[18 Jun 80, p 7]

[Text] Iran's grievances against the United States, which are an element of the "hostage problem," make an impressive brief.



Tehran in fact brings to bear considerable testimony to show that Washington supplied arms and materials to support repression. Moreover, the CIA played a major role in advising the shah's secret police, SAVAK, whose atrocities are undeniable.

The American public has gradually become more and more apocalyptic in its visions of the consequences of the Iranian revolution. The outlines began to be sketched in November 1978 when the fall of the imperial regime seemed, for the first time, conceivable. An editorial in the WASHINGTON POST at the time predicted that the military defense line along the Soviet borders--from Turkey to the Asian sub-continent [India-Pakistan] was in danger of collapse. NEWSWEEK went even further, writing that with the shah gone the Western world would be condemned to choose between capitulation and the third world war. More recently, Mr Brzezinski, Mr Carter's principal adviser, and news sources gave it to be understood that Iran's slide into the Russian lap was imminent.

Still, the Imam Khomeyni cannot be passed off as a Marxist or as pro-Soviet; Iranians in overwhelming majority have amply demonstrated a fierce attachment to their national sovereignty, and the cry of /"Neither East Nor West"/ has never ceased to reverberate in the mosques and the streets. On the whole, Iranian leaders have shown themselves much more intransigent with regard to the USSR than with regard to Europe and Japan. /"We don't want to cut our ties with the West, we want only the radical transformation of those ties,"/ they keep saying, pointing out the political, economic, cultural, and social wrongs which /"unequal relations"/ have inflicted on Iran.

It remains nonetheless a fact that the advent of the Islamic republic has been felt in Washington as a /"catastrophe"/ to use the expression of Mr James Schlesinger. The former secretary of defense, then of energy, added, following the occupation of the American Embassy in Tehran, that the overthrow of the shah's regime constituted in his eyes /"the first serious revolution since that of 1917, in terms of worldwide repercussions."/ Mr Schlesinger was referring to specifically American interests which, let there be no doubt about it, have here and now been subjected to grave injury, extending in his estimation to /"national calamity."/

Iran's takeover of the marketing of its hydrocarbons has deprived the oil companies of substantial profits. The cancelling of weapons contracts has also had heavy consequences. It has slowed down production in the American military industries, more than one-fourth of which--more than half in 1977--consisted of exports going to Iran, thus exacerbating the balance of payments deficit and weakening the dollar. The Shah, as the biggest customer of the United States in military equipment, had ordered \$20 billion worth in a 5-year period (1973-1978). He was preparing to go for \$11 billion more when he was forced into exile....



However, even an American Senate committee had concluded in 1976, at the end of a serious investigation, that the bulk of these goods were completely useless. The armaments delivered, the committee said in a report made public, corresponded neither to Iran's needs nor to its absorptive capacities: the equipment, being too sophisticated to be operational in the hands of the Iranians for several years, could well become obsolete or end up as scrap metal.

### The "Recycling" of Petrodollars

Nevertheless, with the help of the ex-sovereign's "megalomania" Washington continued to redirect Iranian petrodollars--including those poured out by Europe and Japan for their supplies--toward the United States. For every dollar poured into Tehran for its oil, America got back \$2 for weapons manufacture alone. Not without costs to a country steeped in misery and under-development: the defense budget in 1978 was bigger than the total of appropriations for education, public health, social security, urban development, rural development, housing, and agriculture.

Waste--pillage, the Iranians call it--also benefited other sectors of the American economy: entrepreneurs and industrials--some 500 in all--built costly bases and military factories in Iran, as well as civilian projects, some of which were as grandiose as they were superfluous, in implementation of leonine contracts, generally obtained thanks to generous "commissions" and other bribes for the shah, the members of the royal family, and high dignitaries of the regime; auto builders, and exporters of luxury products or consumer items, especially food products, contributed, in the absence of any protectionist policy, to ruin the peasantry, the small industries, the artisans; the banks, finally, Chase Manhattan of the Rockefellers in particular, varied their profit margins in accordance with the "orthodoxy" of the services demanded.

The /"intransigence"/ shown by the shah, according to the press, remained purely verbal and, in any case, never went so far as to threaten essential American interests. The quadrupling of oil prices in 1973-1974 contributes to the profitability of U.S. energy sources and, on the other hand, supplies Iran with the monetary mass which was to be "recycled" for the greater good of trans-Atlantic industries. When Mr Carter, in the fall of 1977, asks him to hold back the price increases, Shah Mohamed Reza cheerfully complies, joining with Saudi Arabia to face the opposition, at the Caracas meeting, of the other members of OPEC.

The sha' also rendered services important in another way. He had authorized the United States to install along the Soviet border 7 electronic listening stations, of which 2 in particular served to monitor missile firings around the Aral Sea; SAVAK, whose network extended into various Middle East countries, fed information to the CIA, which had made Tehran a center of its worldwide activities; the imperial army monitored the /"stability"/ of the region, intervening in Oman to defend the throne of Sultan Qabous, in Iraq to support the autonomy-seeking Kurds against the Baghdad government

until the latter gave assurances of its goodwill, and even in the Horn of Africa, by supplying Somalia with weapons intended for the conquest of the Ogaden. In accordance with the doctrine called *"Vietnamization"*, Mr Henry Kissinger in 1972 had assigned Iran the role of *"gendarme"* or *"regional superpower"* with a mandate to undertake tasks which the United States either would not or could not perform.

This makes more understandable the explosion of mournful consternation set off in the United States by the collapse of the imperial regime. *"Who lost Iran?"* is the question that journalists, legislators, and politicians freely ask, as if it went without saying that Iran had never been an independent and sovereign state. In the absence of any official inquest which might have been able to determine who was responsible, a torrent of accusations and contradictory criticisms is poured on personalities and institutions: the CIA was poorly informed about the Khomeyni movement; the Administration, torn between supporters and opponents, failed to support the shah enough; President Carter, wavering, ended up by abandoning the sovereign to his fate, etc., etc.

After Mr Bakhtiar, Mr Bazargan....

Tactical errors and miscalculations were doubtless made. But were they decisive in the "loss" of Iran? More fundamentally, was it not a system and a policy which led the shah ineluctably to his fall? The U.S. administration, without landing the "Marines," could give him no further means of survival. It backed him for 12 months, even when the imperial army was brutally suppressing the "disturbances" at the cost of several tens of thousands of deaths. Should he have been incited to deal yet more sternly [with the disturbances] as Mr Brzezinski recommended, or on the contrary should he have been asked to turn over power to a *"moderate"* team, as former Under Secretary of State George Ball would suggest? President Carter ended by following the latter's advice, but too late to bar the way of Imam Khomeyni.

When the chief of the White House gave Shah Mohamed Reza notice to leave, apparently in the last week of December 1978, he had not for all that *"given"* Iran to the revolutionaries. On the contrary, on 6 January, at the Guadelupe summit, he invites his French, English and German partners to support the new prime minister-designate, Mr Shahpur Bakhtiar, who was ready to govern in the framework of a constitutional monarchy. The second day following, President Carter sent a letter to Imam Khomeyni warning him that he would provoke a *"blood-bath"* if he did not lend assistance to Mr Bakhtiar.

It is in a context of confrontation that General Robert Huyser slipped into Tehran on 3 January. The mission of the former NATO commander-in-chief has recently been the object of a controversy in the American press: had he, or not, been under orders to organize a royalist "coup"? Conversations with officials in Washington who were directly involved in the affair enable one to conclude that the argument is at best academic. General Huyser for a solid month held daily talks with Iranian generals *"blindly devoted to*

the United States"/ to attain two objectives: the armed forces should oppose, with force if need be, the coming to power of the revolutionaries, by giving their support to Mr Bakhtiar in particular; they should maintain at any cost their cohesion, in view of the possibility of outside intervention. Thus General Huyser had contemplated--according to American documents in the possession of the Iranian authorities--a coup and even the assassination of Imam Khomeyni, should Mr Bakhtiar have surrendered to the popular tide. In any case, the project, in both spirit and content, was based on entrusting the reality of power to the imperial army, backed by the full support of the United States.

Mr Bakhtiar, having received similar assurance, telephones Washington on 9 February to appeal for help. The "battle of the barracks" (taken by storm by the insurgents) had just begun, and the situation was clearly critical. The White House, which is prepared to furnish him support in various ways, realizes during the following 2 days that the armed forces are rapidly disintegrating, that the "loyalist" generals are one after the next capitulating, fleeing, or joining the Imam Khomeyni. Suddenly all General Huyser's plans are collapsing.

One battle lost does not necessarily mean final defeat, Washington figures at this time. President Carter changes his mind. Now he bets on the provisional government of the Islamic republic, that of Mr Bazargan, who seems to him to offer /"qualities"/ similar to those of Mr Bakhtiar but without his /"drawbacks"/. Mr Bazargan had never been tainted by the shah; he had been named to his position by Imam Khomeyni on 5 February, before the disintegration of the army, because (among other reasons) of the respect he enjoyed within the upper ranks of the military hierarchy and in the bourgeois class, at a time when the imam still feared a comeback by these two forces, whose power seemed still intact.

Mr Bazargan was certainly "subject" to the "guide of the revolution. But his government, reformist in image, rapidly drew around it all the political forces which wanted to put a halt to the Khomeyni experiment. The prime minister pronounced himself publicly, and not without audacity, against the repression of supporters of the old regime, against the purging of the armed forces and the administration, against "anarchy" being produced by the "committees" and the Islamic militias, against a radical change in the socio-economic system, against, going even further, the proposed Islamic constitution sponsored by supporters of Imam Khomeyni. Above all, he applied himself to normalizing relations with the United States, which was continuing, for example, to supply spare parts and advisers to the Iranian armed forces. In short, according to Mr Bani-Sadr, who was then in the opposition, Mr Bazargan's government seemed to be making itself into the instrument of a /"disguised restoration."/

The American diplomats, for their part, behaved as if Imam Khomeyni--and not his prime minister--was a /"provisional"/ power. They abstained from asking for audience with the "guide of the revolution" both before and after his return to Tehran all the while expanding contacts with civilian

and military personalities, representatives of ethnic minorities hostile to the Islamic regime, and even--according to another document found at the embassy--with the terrorist organization Forghan, which has killed several close collaborators of the imam. They are supposed even to have assisted the flight from Iran of dignitaries from the old regime, sometimes by false passports, which were much in demand with the police.

### The "Cordial" Algiers Talks

When, on 22 October, the United States gave asylum to the shah, the moment could not have been less propitious. Popular discontent was in an ugly mood in Iran, primarily because of the paralysis of the authorities in the face of the economic stagnation, the increase in unemployment and in the cost of living. The arrival of Shah Mohamed Reza in New York provoked keep indignation /"comparable,"/ Mr Ghotbzadeh told us, /"to what Europeans would have felt if Hitler, just after the defeat of Nazism, had enjoyed the hospitality of Franco's Spain."/

Mr Bazargan then commits the indiscretion of not publicly demanding the extradition of a man considered to be a criminal and, even worse, he accepted on 1 November an offer to have "cordial" talks in Algiers with Mr Brzezinski, the most ferocious defender of the former sovereign. It was thought "treason," and 3 days later the occupation of the U.S. Embassy in Tehran tolled the death-knell of the provisional government.

Popular unity was then rebuilt around Imam Khomeyni, who was able to consolidate his power by moving ahead with two projects, inseparable in his eyes: purging the state of /"Westernized liberals"/ and engaging in a test of strength with the United States. Washington was to have as much trouble accommodating itself to the "second revolution," now begun, as it had with the first.

[19 Jun 80, p 5]

[Text] The widespread Iranian resentment against the United States was fed by the very long collaboration between the imperial secret police (SAVAK) and the CIA, as well as by the support which Washington always gave to the fallen regime. In the United States, the "loss" of Iran gives way to a wide debate which brings to light the mistakes and miscalculations made by an administration incapable of giving a hearing to the Imam Khomeyni.

A mystery clouds certain aspects of President Carter's actions since the beginning of the hostage affair. Why did he allow the shah to return to the United States, against the advice of a number of his advisers? /"For humanitarian reason,"/ he replied. Now a confidential message, found in the archives of the U.S. Embassy in Tehran, indicates that the State Department had been trying for several months to find a way to give asylum to the ex-sovereign, without once discussing his illness. Shah Mohamed Reza's doctors have since testified that the cancer from



which he is suffering has not assumed the most serious form of that illness. In any case, he could have been treated elsewhere than in New York.

President Carter was not unaware of the risks he was taking. His envoys in Tehran, as well as their interlocutors at the State Department, had predicted violent reactions in Iran, and more precisely the occupation of the embassy and the taking of hostages. For this eventuality exceptional security measures had been ordered but, for obscure reasons, neglected.

Another enigma: Why did the chief of the White House agree to negotiate the release of the hostages? If it was a question of /"blackmail"/ perpetrated by /"terrorists"/ it would have been necessary, if not to retaliate immediately by force, at least to reject any dialog before the abductors had given up their /"violation of international law."/ By contrast, if one refuses to compromise, it is because one believes one can get concessions from the adversary. Now it became apparent, over the course of several months of contacts, bargaining, and illusory /"understandings"/ that Washington either would not or could not satisfy any of the Iranian demands, neither those of Imam Khomeyni nor those, more moderate, of President Bani-Sadr.

The demand made unceasingly, from the first day, by the "guide of the revolution," was from the start unacceptable: the extradition of the shah. The position of the imam, if intransigent, at least had the virtue of coherence: since the United States refuses /"in defiance of international laws,"/ to hand over a /"criminal"/ to justice, no negotiation is possible, he decrees. Thus he forbids the members of the government and the revolutionary council to talk either with the Americans or with mediators, even where they are friends of the Islamic republic, such as the Palestinians of the PLO.

This ground-rule established, the imam alternates Bani-Sadr and Sadeq Ghotbzadeh as minister of foreign affairs, neither of them sharing either his profound distrust of the United States or his skepticism as to the possibility of a compromise. Moreover, their interests and President Carter's converge at some points: all three are in conflict with Islamic students who are holding hostages and who represent in their eyes a /"power center"/ it would be convenient to liquidate.

#### Washington's Refusal

So they conjure up successive solutions taking account both of the objective of the United States (release of the hostages) and of the motivations of the imam. The latter is probably persuaded that Washington has not lost hope of reestablishing Shah Mohamed Reza on the throne. He would be unable to understand in any other way the Shah's admission into the United States, his refusal to abdicate, even in favor of his son (he had left Iran on /"vacation"/), the further fact that he continues to enjoy American protection, right along with a crowd of royalist opponents who are conspiring



against the Islamic republic. According to the analysis attributed to him the "guide of the revolution" is less determined to physically punish the shah than to bring him to trial along with his American allies, as a means of definitively putting behind him the danger of a restoration.

Such are the premises of the various proposed solutions which Bani-Sadr and Ghotbzadeh try in vain to bring to fruition. The "McBride plan," (advanced by the former Irish foreign minister) stipulates that release of the hostages should precede the judgment by default of the former dictator. But American officials reject the idea of the trial, believing it would constitute a /"dangerous precedent"/ for other fallen chiefs of state. Washington also refused to entertain a proposal by Mr Bani-Sadr by terms of which the United States would confess its culpability in the misdeeds of the imperial regime, undertake to interfere no more in the internal affairs of Iran, and would not further hinder the extradition of the shah as well as the restitution of his fortune.

Curiously, President Carter gave his agreement to the formula elaborated by Kurt Waldheim and Ghotbzadeh, which did not explicitly provide for the liberation of the detained Americans. It offered the advantage, more important in his view, of foreclosing any trial of the shah and the United States. The United Nations commission, which went to Iran last March, was in effect told to support a /"solution to the crisis"/ by recording the /"grievances"/ of the two parties. It was not, according to one of its members, Adib Daoudi of Syria, /"either a commission of inquiry, or a grand jury, much less a tribunal."/ It was enough of one to move Khomeyni to abort the deal on a pretext, it seeming to him to be the fruit of an American /"trick"/.

The departure of the shah from Panama to Egypt in March, barely a few hours before Iran could file its brief in support of his arrest, must have confirmed the iman's suspicions as to Washington's /"double game"/. Despite the decisive influence which it exercises over General Torrijos, the strongman of Panama, American officials declared themselves powerless to prevent the sovereign from leaving. But Shah Mohamed Reza was flown to Egypt aboard an airplane chartered through the good offices of one of President Carter's close collaborators....

Things henceforth were clear: the United States, as an important personality in the White House had to admit to me, was not under any circumstances going to allow the opening of a serious investigation of the shah, or confess to any responsibility for the misdeeds of the imperial regime.

Congress, ordinarily so quick to bring up the least mistake made by the Administration, observes in this affair an attitude identical to that of the government, as was demonstrated by the quixotic adventure of Congressman George Hansen. The Republican representative from Idaho, a conservative, went to Tehran in December on his own initiative to encourage release of the hostages. He returns shocked by what he has learned about the violations of human rights, economic abuses, and the corruption of the old

regime, all of which involved certain of his compatriots. He demands the opening of an investigation not so much, he says, in order to appease the Iranians, as to defend America's honor, as well as its moral and democratic traditions.

/"We have the right to know how our government is spending the taxpayer's money,"/ he argues. Members of his party, most of his colleagues, and some journalists ignore him, make him an object of ridicule by accusing him of trying to win cheap notoriety. The documents he presents to Congress, to the banking committee (of which he is a member), to the security committee, a petition campaign urging the legislators to /"bring everything to light"/ about the origins of the hostage crisis--none of this stirs the elected representatives of the people. Asked about this, the chairman of the foreign affairs committee, Mr Clement Zablocky, tells us: /"The Iranian grievances are unfounded, and even if they were, we have made the decision not to investigate them before the release of the hostages. We will not yield to blackmail."/

### The Risk of an "Irangate"

/"An investigation,"/ Mr Hansen tells us to explain his own position, /"would erupt into a gigantic scandal much more serious and devastating than Watergate, compromising so many people that the politicians have no interest in bringing forward the question of who lost Iran."/ From which springs, according to him, the virtually faultless solidarity which Mr Carter enjoys (as he attempts) to nip in the bud an /"Irangate"/ which, as one of its consequences, would have contributed to a peaceful solution to the Irano-American crisis.

Certain newspapers have brought up by way of comparison the "Pueblo" affair, involving the American vessel which was in January 1968 conducting an espionage mission off North Korea. Intercepted, the members of the crew were taken hostage by the Pyongyang authorities. After 11 months of unfruitful haggling, President Johnson ended by agreeing to the conditions of the abductors: he admitted in a written document, the culpability of the United States, apologized, and obtained the release of the detainees. Any analogy with the case in Iran, officials say, would be false and dangerous. Khomeyni's demands, in reality, risk jeopardizing both the values of American society and the type of relationships which the United States maintains with a certain number of Third World countries.

It is hard to imagine President Carter, especially during an electoral campaign, submitting to a detailed examination of his policy along with that of his six predecessors, Democrats and Republicans, on the Pahlavi. The White House chief even refuses to disavow the CIA coup which in 1953 re-established the shah on his throne. On this point, the book written on this subject by Mr Kim Roosevelt, who organized the plot, was withdrawn from circulation shortly after its publication this spring.

The close collaboration between the American intelligence agency and SAVAK is also a taboo subject in Washington. Otherwise would it

[the agency] not run the risk of being accused, in the words of Sen Edward Kennedy, of having contributed to /"the installation of one of the most violent regimes in the history of humanity, which indulged in terrorism and scoffed at human rights?"/

#### "Incestuous and Sometimes Illegal Relationships

An investigation would require not only CIA officials, but also Mr Henry Kissinger and his successor as head of the National Security Council, Mr Zbigniew Brzezinski, to account for the secret authorization given to SAVAK to operate freely on American territory, to perform surveillance, to harass thousands of Iranian students. How will one justify the silence regarding the assassination plot, conceived in 1976, against an American citizen of Iranian origin, Mr Nasser Afshar, by the secret police of the Shah, which the CIA and the State Department failed to report? Or the assistance, furnished, or asylum given, a number of agents of the imperial regime, of whom some are guilty of vicious crimes? The case of Gen Reza Razmi, one-time member of SAVAK, is not unusual. As chief of police in Qom, he had hundreds of people massacred in January 1978; as a security official in Abadan, he is accused of having been responsible for the burning, in August of the same year, of the Rex Cinema, thus causing the death of some 300 spectators. Reza Razmi is alive and well today in California, thanks to false papers which were given him by the American authorities. An extradition request handed by the Iranian government last fall, before the hostage affair, was rejected.

The security services of the two countries were not the only ones to maintain /"incestuous and sometimes illegal relationships"/, to use Mr George Hansen's expression. The banks, the business world, political and administration circles, mixed up in it, would also be implicated in any investigation. Rather than create an official lobby, duly registered as American law requires, the imperial regime cleverly devoted itself to various kinds of remunerated services, legislators, retired high officials, former ministers, bankers, academics, influential journalists.

In these documents furnished by the authorities in Tehran, in the investigations conducted in Iran and in America, notably by the WASHINGTON POST and the NEW YORK TIMES, in the many statements made by Mr George Hansen in Congress, the names of people who allegedly enjoyed the manna of the Pahlavi were cited, including, among others: Mr Henry Kissinger, Mr David Rockefeller, former Vice-President Spiro Agnew, former Secretary of State William Rogers, Secretary of the Treasury William Miller, Mayor Bradley of Los Angeles; Mr Pierre DuPont, governor of Maryland; the congressman, Larry MacDonald; Mr John MacCloy, former governor of the World Bank, and even former President Gerald Ford.

Many of them, like Mrs Javits, wife of the senator, received substantial material gain without of course realizing that their notoriety and their relations helped the shah create a precious network of durable friendships.

Mr. Rockefeller and Mr. Kissinger, in any case, held fast. The head of Chase Manhattan Bank and the former diplomatic chief have admitted undertaking, last summer, a series of efforts with the Administration to obtain the former Iranian dictator's return to America. Some, such as former Under Secretary of State George Ball, have accused them of having exerted /"odious pressure"/ on President Carter, without, for all that, being ignorant of the risks he would be taking. Others maintain that they were deliberately trying to provoke the crisis, in order better to defend the joint interests of the United States and the Chase Manhattan Bank.

[20 Jun 80, p 4]

[Text] To justify the continued holding of the American diplomats, the Iranians present a dossier of their grievances, bearing chiefly on the close cooperation, over many years, between the CIA and SAVAK. Meanwhile, Imam Khomeyni is convinced that Washington has not given up on sponsoring an eventual restoration of the monarchy. Americans' hostile to the Islamic republic, do not want to embark on a big investigation of their leaders' comportment respecting the shah, which could lead to an "Irangate," so numerous are those who were compromised.

The intense anxiety that had seized Wall Street upon the collapse of the Pahlevi dynasty was instantly calmed the morning of 14 November. Radio and television announced that day, before offices were opened, President Carter's unprecedented decision: the freezing of Iranian assets in American banks and their overseas affiliates.

The measure did not take everyone by surprise. Some privileged persons, including no doubt Mr David Rockefeller, president and chairman of the board of the Chase Manhattan, knew that this was under study in the Treasury Department, long before the seizure of the hostages in Tehran on 4 November. It was intended to come to the rescue of the banks, who were facing a /"catastrophe"/ said to be more devastating than that caused long ago by the Bolshevik revolution. Mr Bani-Sadr had merely precipitated the announcement of Mr Carter's decision: the man who was then in charge of the Iranian economy had indicated, several hours before, that Tehran intended to transfer its assets from the Chase to non-American concerns that /"would not be liable to block Iranian funds by exploiting litigious contracts."/

Mr Rockefeller's arm is quite long. He is linked to President Carter, to whose election he substantially contributed. He maintains close relations with a number of persons both without and within the government, including Zbigniew Brzezinski, chief adviser to the president, and Cyrus Vance, then secretary of state, members with him on the Trilateral Commission. As his links of friendship with the shah go back to the early Sixties, the head of Chase Manhattan became a kind of /"godfather"/ to the kingdom. The network of companies he controls -- including Exxon, which immediately after 1953 CIA corp was admitted into the oil consortium responsible



for marketing Iran's black gold--was so enmeshed in the Persian economy that one could compare it with the arteries running through the human body.

#### The Role of Chase Manhattan

His bank, the main depository of the oil revenues, each year handled the tidy sum of \$20 billion. In association with other establishments, it financed many projects, some of them questionable. It supported, according to Tehran, speculative or fraudulent operations of members of the royal family. It managed the fabulous patrimony of the shah, who is accused of having diverted some \$10 billion of funds from the state. It also allegedly provided the government in Tehran or private institutions serving as figure-heads for the sovereign with credits under manifestly illegal conditions. Thus, for example, the Islamic republic challenges a series of loans totalling, \$1.3 billion, accorded, against the advice of the bank's own lawyers, without consent of Parliament as Iranian law requires.

The shah and his intimates had, on the other hand, contracted personal debts of several hundred millions of dollars which the new regime from the outset refused to honor. One example among so many others: the younger sister of the sovereign, Princess Chams, supposedly, according to the authorities in Tehran, pledged as collateral to obtain a \$10.4 million loan a piece of land which she had evaluated at \$7 million and whose price, today, would be insignificant; she was alleged, moreover, to have pledged the same dairy products factory she owned as collateral guaranteeing her repayment of several different loans, without of the the banks concerned--local or foreign--raising the least objection. Literally everybody believed back then that, whatever might happen, the state and the shah would be *"/solvent"/*.

The very numerous private American companies which benefited from the *"/recycled"/* oil manna are not all above reproach. Some are accused of having inflated [the invoices for] their manufacturers, by including in them under a disguised form *"/commissions"/* of bribes paid to dignitaries of the imperial regime; of having delivered material which they well knew could not be utilized because it was too sophisticated for the local infrastructure; of having received advances on contracts which were annulled or not executed; all sums which the Islamic republic wanted to recover. The military industries alone stood to lose thereby \$2 billion at the bottom line.

If giants of American industry such as Bell Corporation, Northrop, Bechtel, Lockheed, Westinghouse, Dupont De Nemours, Grumman, and General Motors were put in difficulties by the Iranian revolution, Chase Manhattan was, according to some experts, threatened with bankruptcy. So it was with a sigh of relief that it welcomed President Carter's decision to freeze, by way of *"/reprisal"/*, Iranian assets--about \$8 billion--thus putting an end to what the NEW YORK TIMES called a *"/nightmare."/*



## The Pressure on the Nine

Pragmatic, the bank of the Rockefellers does not delay transforming the dream into reality: it declares a week later that Iran is *"in default on its payments"*, alleging that Tehran had not made good on the due date of 15 November on the interest owing on a loan of \$500 million. However, proof has since been supplied that the sum had been well and truly deposited 10 days before the due date....

The governor of the central bank, Mr Ali Rexa Nobari, documents in hand, protests, cries *"Swindle!"*, but in vain. The Chase then invokes technical reasons for not reversing its decision. The *"situation of non-payment"* once established, banks could feed on the Iranian deposits in their possession [to get] the sums necessary for premature reimbursement of loans whether contested or not. Even better, the initiative of the Chase as much as that of President Carter on 14 November, by arousing chain reactions in the international banking system, eventually drags Europe and Japan into the Iran-American economic war, even before the *"moral"* justifications of allied *"solidarity"* are invoked in the hostage affair. Such was, moreover, one of the objectives of the trans-Atlantic leaders, as indicated by a spokesman for the Treasury Department (NEWSWEEK of 17 December 1979).

The pressure exerted by Washington at this time to influence the EEC to inflict economic sanctions on Iran were also not without ulterior motives. No American official was under any illusion that the measures taken first in Washington and then in Luxembourg by the Nine would be effective. Whether they be implemented as a package or *"diluted"*--as the British government hastened to do--it was already known that a number of companies, the American ones first of all, were going to circumvent the embargo. Already public notices were appearing in the Tehran press, offering to supply importers, /via/ a firm set up to this end in Switzerland, all the materials and products traditionally procured in the United States or the European community.

Of course, these triangular transactions would cost more to Iranian consumers and could involve the splitting of stock. But, in case of serious need, the officials have no trouble getting provisions in the Eastern Bloc countries, where delegations have not ceased to flow into Tehran in recent weeks. It is thus clear that the Islamic republic is not going to *"asphyxiated"* in this manner, and that even less will Imam Khomeyni be constrained to release the hostages.

Western diplomats stationed in Tehran are, by contrast, convinced that Europe and Japan will lose, in the end, a good part of a market presently estimated at \$10 billion per year, and which will most likely be double that once the situation is normalized. The main point, in the sanctions decreed in Luxembourg on 22 May, is not, as might be believed, the freezing of contracts entered into before or after 4 November, but rather the commitment made by the Nine not to conclude any new agreements. In other

words, Europe deprives itself of the possibility of substituting for the United States in various fields--trade, industry, technology, etc--which constituted, under the shah's regime, the private preserve of transatlantic firms.

### Damage to the West

If such is the primary objective held by the American leaders, they run the strong risk of being gravely disappointed. France and Great Britain had to break off, after the Luxembourg meeting, discreet negotiations looking toward the supply of armaments to Iran; thus, shortly after, it would be Soviet and Czech military equipment and weapons--transiting Syria--which would be delivered to the Islamic militias. While awaiting the conclusion of a complete and punctiliously executed contract, an Iran-Soviet framework-agreement on economic and industrial cooperation was initialled on 21 May. It envisages, among other things, the building of transit routes through the USSR in case the United States should impose a naval blockage on Iran.

Also, a substantial commercial treaty was concluded with Romania on 8 June. Bulgaria, Poland, the GDR and Hungary, have intensified deliveries of foodstuffs which previously came from the West. Various communist countries are in place completing big projects partially completed by Western companies, like the petrochemical complex three-fourths built by the Japanese. The Eastern Bloc, it is believed, is ready to absorb, through barter and otherwise, Iran's total oil production, which the countries of the West are presently boycotting.

The extent and the gravity of the consequences of the embargo on the West European economies depend on several factors, including the duration of the Iran-American conflict and the nature of the settlement that would ensue. However, West Germany will soon cease to be the Islamic republic's biggest trading partner; France, for its part, is no longer able to pursue negotiations for the recovery of credits officially valued at more than 10 billion fr. The EEC banks are penalized by the recent decision by Tehran to divert a portion of its oil revenues toward "nonaligned" financial establishments in Switzerland, Austria, Sweden, and India. It could be maintained, cynically, that only Chase Manhattan Bank has come out of the hostage affair with no complaints....

Anyway, the greatest damage the West could sustain is of a political nature. The economic sanctions, President Bani-Sadr recently said, /"constitute a political catastrophe which risks throwing us into the arms of the Russians."/ It is true that a pro-Soviet faction has not crystallized within the ruling clique, but the "solidarity" of Europe with the United States contributes, by contrast, to convincing many Iranians that their welfare depends on the East. In any case, the neutralist current, which counted on Europe and Japan [for help in] consolidating the independence of the Islamic republic in the face of the two superpowers /"has received a hard blow."/ the chief of state was forced to say.

## "Quite Barking Instead of Biting...."

The American Government, for its part seems to have resigned itself to the Iranian "moderates," who have shown themselves incapable even of transferring the hostages to the control of the Tehran authorities. But has it not also contributed its part to the perpetuation of the diplomatic impasse by trying to attempt the impossible: obtain the release of the hostages without dealing with Tehran's grievances against the shah and the United States?

In the test of strength to which President Carter and Imam Khomeyni are committed, neither the one nor the other can afford to back down, at the risk of losing all credibility. Everything, especially since the failure of the Tabas expedition, is pushing toward a new American military intervention: a public aroused by the Iranian behavior, the pressures from business circles and the military /establishment/, the election worries of the president, in particular. A part of the press never ceases clamoring for America to /"quit barking instead of biting,"/ as the old expression goes.

Aware nevertheless of the dangers which such a military confrontation could pose for the stability of the Arab regimes of the Mideast and for world peace, some American officials are betting the Islamic republic will collapse, undermined by political, social, and ethnic conflicts. The support the United States enjoys from the army, in the administration, among the liberal bourgeois class in Iran, seems to support this idea. But on the other hand, different considerations lead people like Mr Brzezinski to believe that prolonged passivity works to the advantage of the radical or pro-Soviet forces.

At the moment, Iran as the Pahlavis is apparently lost forever to the United States. That of Khomeyni is not yet lost for the West, including the Americans, at least for those who are disposed to adapt themselves to the new and painful situation, while waiting for the dying down of that storm of nationalism which we have also seen in other quarters. In the case at hand, which group will prove to be right--the conciliators or the hardliners? The bets are being taken.

9516

CSO: 4900

KOREAN CONTENT (Continued) (Page 2 of 2)

1000001 (Date: 10/11/68) (Time: 10:00 AM)

(Interview with [Name] [Address] [City] [State, place of interview not specified])

(Excerpt) (Korean text) Following the recent clashes between the [Name] and the political and armed groups in [Name], what is the situation of [Name] armed groups in the town?

(Answer) At present, there are [Name] armed groups in the town. They are not organized and dispersed. However, there are [Name] armed groups in the town, numbering around 100 persons, which are [Name] (clandestine nature), and these are [Name] (clandestine nature). They are [Name] (clandestine nature) in their weapons and [Name] (clandestine nature). The [Name] commander was [Name] (clandestine nature) of them on the border have applied to the [Name] government for their safety.

(Question) How far has the [Name] the armed groups and the purge of [Name] offices [Name]?

(Answer) The [Name] [Name] group requires new methods, since [Name] this has been [Name] and centralization [of the operation, has been [Name] (clandestine nature) previously was not the answer to what was needed. [Name] (clandestine nature) a new method at present, and a crack program to [Name] (clandestine nature) of the groups will begin shortly.

(Question) What is the present situation of those who formerly supported these groups?

(Answer) All those who [Name] (clandestine nature) were [Name] to remain silent in the face of these [Name] (clandestine nature) [Name]. So far, over 50 percent of their [Name] (clandestine nature) the true nature of these groups and have abandoned them. [Name] (clandestine nature) mainly of adolescents, [Name] (clandestine nature) of [Name] and sentiment.

[Question] What problems are a nuisance to the Iraqi Ba'athist government creating on the border with Iraq?

[Answer] We are not experiencing classes here like those at Qasr Shirin, where is the clash between the Iraqi government and the Iraqi Kurds. The border zone has been subjected to much damage and they do not possess the facilities which would enable them to do what they have done in other areas. Another reason is that all the Iranian counterrevolutionaries are on the Iraqi side of the border and are refraining from starting a war because they do not wish to be destroyed, but would rather stay where they are as enemies and hence conspicuous. The border is, regrettably, an open one, and if we could seal it off, many of the problems would be solved.

[Question] What is the situation as regards the provisions required by the people of Marivan, in circumstances of a shortage in towns throughout Iran?

[Answer] We are not short of provisions. Supplies are arriving in the province all the time, both overland and by air. For example, detergent and cooking oil are being sent to the region, mostly from other towns, to be distributed among the people in the best possible manner. At present, helicopters are supplying the essential provisions to Marivan at all times. If the roads were completely safe and drivers could travel along them without fear, it would be better.

[Question] What is the size of the province's budget, and what projects are you planning for the province?

[Answer] The developed budget of the province is 405 million tomans, but not one rial of this has yet been remitted to us. Although we have been told that these funds would be sent--they are to be supervised by the government general--we are still caught up in the former red tape. We are told that the budget should come to us via the Planning and Budget Organization and comply with its regulations. However, we do not have in Sanjida a functioning office of the Planning and Budget Organization. Since these offices were used as a base for the KDP and the [PBO] officials in charge there fled. Unfortunately, in spite of all our efforts, they will not send replacement officials. The minister of state has not yet sent any development funds to us, but of course, we have decided to use part of the damage-restitution fund to start up previously begun projects, since there are certain ones we cannot allow to close down. [Passage omitted repeating complaints at nonreceipt of promised development budget and detailing projects on hand in province]



## PRESIDENT COMMUNICATES OFFICIAL FLAG FORM TO INTERIOR MINISTRY

LD301122 Tehran Domestic Service in Persian 1630 GMT 29 Jul 80

[Text] According to the Pars News Agency, the official form of the flag of the Islamic Republic of Iran, which was approved at a session of the Islamic Revolution Council of Iran on 5 January 1980, was today communicated to the Interior Ministry by the president and the chairman of the Revolution Council of the Islamic Republic of Iran.

According to the 18th (Article) of the constitution, the official flag of Iran will from now on be composed of the three colors green, white and red, and the special sign of the Islamic Republic of Iran, together with the slogan "God is the greatest," will also be printed on the flag with the following specifications:

1. The special sign of the Islamic Republic of Iran will be positioned in the middle of the flag; the color of the special sign will be red.
2. The slogan "God is the greatest" will be in white and written in "Kufi" handwriting [special Arabic writing like that of the Saudi Arabian flag], and in order to represent the day of victory of the revolution, 22nd of Bahman [11 February], this slogan will be written 22 times, 11 times as margin on the border between the green and white colors on the top, and 11 times on the borderline between the white and red colors at the bottom. This means that the written slogan will be written on the top and bottom sides of the flag, 11 times on the green and 11 times on the red color.

In the letter of the president to the Interior Ministry it is emphasized that these specifications are in accordance with the standards approved by the Institute of Standardization and Industrial Research of Iran.

CSO: 4906

# LAW ON PROFIT-SHARING FOR WORKERS CANCELED

LD291352 Tehran Domestic Service in Persian 0930 GMT 29 Jul 80

[Text] According to the Central News Bureau, the Revolution Council approved the cancellation of the law relating to the profit-sharing scheme for workers and declared inoperative all related collective agreements.

An official of the Ministry of Labor and Social Affairs stated, while announcing this: Instead of the said law, the law pertaining to the interests of the workers [word indistinct] the law relating to profit-sharing, was approved.

The first article of the law states that from 21 March 1980, the law relating to the worker's profit-sharing scheme in the profits of industrial and manufacturing workers, approved in 1962-63 all its appendages and clauses, and [word indistinct] and collective agreements, and the letters of recommendation resulting from the said law have been canceled and declared inoperative.

According to (?the said law), the employers of the (?workers) who are subject to the canceled law are obliged to pay each of their workers--in order to compensate their workers' income on account of their contribution relating to the implementation of the law and also their annual bonus--a sum equivalent to 60 days' worth of their most recent wages, if they have worked for 12 months in that year [as heard]. The sum paid out to any worker should not exceed (?85,000) rials for one year's work.

Clause 1. The sum payable to workers of (?seasonal) workshops subject to the law, and also the workers of [word indistinct] workshops who have worked in those workshops for less than one year should be calculated on the (?basis of) 60 days' wages and in proportion to the (?term of) work per year.

Clause 2. The operative wages in calculating the said sums payable to workers is equal to their average wages received [words indistinct] in every year.

Clause 1. The employers of the workers are obliged to pay [words indistinct] and submit the bank receipt together with [words indistinct] to the Ministry of Labor and Social Affairs.

Clause 4. [Words indistinct] the workers' receivables relating to the cancelled law, and also the sums provided for under this bill of law, are treated as wages and the statute of limitations covering wages will also cover them. [Sentence as heard]

Clause 5. Investigation of differences [words indistinct] subject to articles (138) and 40 of labor law.

CSO: 4906

## BRIEFS

**NEW GOVERNOR APPOINTED**--Engineer Hoseyn Taheri has been appointed governor-general of Western Azarbayjan by the interior minister. He has accepted the post, replacing Hamahid Haqgu. Engineer Hoseyn Taheri was born in 1320 [1941] and previously served as administrative director of the Science and Industry College. [Text] [LD301605 Tehran ETTELA'AT in Persian 26 Jul 80 p 2]

**MIXED PRACTICING PROFESSIONS RESTRICTED**--According to the Central News Unit, the Ministry of Labor and Social Affairs has announced that in order to safeguard Islamic teachings the ministry will not grant training permits to men for occupations such as women's dressmaking, hairdressing, make up and skin care, flower arrangements, knitting and [words indistinct] which are all exclusive to women. All those who have obtained permits from the Ministry of Labor and Social Affairs to set up training schools in these areas are henceforth required to take action as soon as possible to recruit qualified instructors. In other professions such as accountancy, radio and television, cartography and draftsmanship, computers and commercial management men will be allowed to engage in training jobs because of a shortage of the necessary instructors, provided classes for boys and girls are held separately. The aforementioned training schools are required to take speedy action to close down mixed classes. The announcement by the Ministry of Labor and Social Affairs stresses that the work of offending institutions and of those unauthorized by the Ministry of Labor and Social Affairs will be vigorously stopped and that offenders will be treated in accordance with the law. [Text] [LD311248 Tehran Domestic Service in Persian 0930 GMT 31 Jul 80]

**SUGAR SITUATION DISCUSSED**--The weekly meeting of the Khuzestan Provincial Inspection and Coordination Staff was held yesterday afternoon at the Ahvaz Oil Company Club. The meeting was attended by Hojjat ol-Islam Tabataba'i, the Shar' magistrate; Foruzandeh, provincial political and administrative deputy; Engineer Ghafuri, the technical and development deputy; the gendarmerie commander; the deputy police chief; directors-general and officials of government organizations and revolutionary organs. In his speech, Engineer Ghafuri spoke about the country's sensitive sugar situation and said: We should increase production in Khuzestan's sugar refining plants as much as possible. Therefore, if we have to use sugar beets, we should

start developing sugar beet cultivation in Khuzestan. Due to the lack of attention paid to agriculture by the former regime, many shortcomings exist in this very important field. [Excerpts] [GP301645 Ahvaz Domestic Service in Persian 1230 GMT 30 Jul 80]

**ROLE OF REVOLUTION COURTS**--By order of the Ahvaz Revolution Court, three persons found guilty in this court were sentenced to death yesterday afternoon. The sentences have been carried out. The following announcement has been issued by the Ahvaz Revolution Prosecutor: In the name of God, the Avenger. Anyone [words indistinct] who opposes God and his messenger and tries to instigate disturbances and create corruption on earth should be shot or hanged. The enemy does not know that the Iranian nation, which nurtures martyrs, has been able to defeat--emptyhanded and facing guns and tanks--the biggest Pharaoh of the time--America and its lackeys through unity and solidarity. Every day that the Islamic Revolution--led by the decisive Imam, the divine and sagacious Khomeyni the great--continues to exist, the plans of the plotters, the corrupt and the hypocritical are foiled. In accordance with our leader's strict orders that the Islamic Revolution Courts should be the stronghold in the fight against murderers, it is the court's duty to uproot corrupt individuals from this Islamic society. [Excerpt] [GP291629 Ahvaz Domestic Service in Persian 1230 GMT 29 Jul 80]

**DIRECTOR DISCUSSES PROBLEMS**--During yesterday's meeting of officials and citizens, Shiraz University Director (Dr Zohur) spoke about the Cultural Revolution and its role in the Islamic society. Referring to the existence of (?4,000) employees, 300 teachers and 8,000 students in the various departments of the University, he said the University's annual budget is 500 million tumans, (?120) million tumans of which will be spent on development. In reply to a question as to whether offices of political groups have been closed in the University's departments, he said: All groups have had their offices closed. Even the rooms that had been set up by these groups have been destroyed. At the end of this meeting, which was held in the (?Sheyrat) Mosque in Shiraz, the University Director spoke about the purges in the University, the possibility of citizens using welfare facilities, the acceptance of students and the evacuation of dormitories by those students (?who are not members of) the revolution guards corps, the reconstruction crusade or other revolutionary organizations. [Excerpts] [GP291728 Shiraz Domestic Service in Persian 1400 GMT 29 Jul 80]

CSO: 4906



# SUDAN SEEN MEDIATING BETWEEN ADDIS ABABA AND WASHINGTON

Paris AL-MUSTAQBAL in Arabic 31 May 80 pp 32-33

[Article: "On Occasion of Eleventh Anniversary of May Revolution, the Sudan Tries to Reconcile Ethiopia with Eritrea, the Arabs and the United States!"]

[Text] Three domestic surprises are announced by Numayri:

Opposition is invited to come back home.

Regional government experiment is extended to entire Sudan.

Government monopoly over and distribution of some goods is discontinued.

Khartoum--Three important stages characterized celebrations of the eleventh anniversary of the Sudanese revolution this year. The first stage was the huge official and popular reception set up for Ethiopian President Mengistu Haile Mariam, who attended the Sudanese celebrations at the head of a large Ethiopian delegation and participated in them side by side with Sudanese President Ja'far Numayri.

The second stage was a portion of the speech addressed by the Sudanese president to the people in the evening during the commemorative celebrations. Observers considered it as being directly aimed at the Arab countries or "some Arab countries," according to some Sudanese sources--which thought that the Sudan plays a game at variance with the Arab consensus with reference to the Middle East crisis. This portion of President Numayri's speech stated that "the Sudan believes that its permanent position and its real natural situation is to be part of the Arab consensus, which fights to impel the Arab nation to free its lands, beginning with Jerusalem, and restore to the Palestinian people their legitimate national rights to return home and decide their own fate."

According to the observers, the Sudanese president intended to convey by these words the real intentions of the Sudan, which seemed somewhat unclear to some Arabs. In order to prove this, the observers add, the president enumerated the glorious deeds of the Sudan and the services rendered by it to the Arabs in their fight against Israel for 30 years. President Numayri's speech included words to that effect, as when he mentioned that, "the Sudan is the vast Arab land whose prestige and position are known to the world. The Sudan represents heavy population, deep strategic depth and effective embodiment of Arab-African solidarity. The Sudan is represented by its heroes in the first liberation war of 1948 and by its troops which fought the tripartite invasion [of Egypt] in 1956. It is the hero of the Ras al-'Ush battle, which brought about the first signs of victory since the 1967 setback. It's the maker of Arab steadfastness which rejected defeat at the Khartoum summit conference in 1967. It was the Sudan which placed its leadership on the line to stop the Arab bloodshed during the sad 'Amman period of 1970. It was the Sudan which contributed its energies and resources to bring about the great October victory."

At this point, some observers assert that this summary of the achievements of the Sudan, publicly made by President Numayri, is an indirect reply to President al-Sadat, on one hand, and to some Arab governments, which have been and still are suspicious about the position of the Sudan with reference to Arab affairs, on the other.

The third stage was the domestic aspects of the speech, which created some unexpected surprises.

The first surprise was the fact that President Numayri did not attack the members of the Sudanese opposition, who currently live abroad. On the contrary, he invited them to come back home and participate in the building of the country. "The pardon of the revolution and the people is still within easy reach," Numayri said. "The ranks of the revolution comprise every one of us, and can accommodate all of us. The progress of the country requires all our efforts and all our love." Sudanese sources point out that this must refer to al-Sharif al-Hindi and some Sudanese nationals currently living abroad. These are "people who cling to the past and are deluded by their fantasies outside the borders of the motherland," as they were described by President Numayri himself.

The second surprise was the fact that the government admitted that it had failed to select agencies capable of making certain major goods available to the citizens, when it decided to monopolize, produce and distribute certain consumers' goods. President Numayri announced the termination of the entire government monopoly in the field of imports, the withdrawal of privileges granted to a number of companies (managed by the government) and the opening of the field of imports to every businessman. He actually singled out the coffee and tea companies, as well as the oilseed company, in this connection.

This decision was warmly welcomed both among businessmen and the people at large. According to a Sudanese official, this very question was a matter of life and death with reference to the Sudanese people. It was not possible to everybody to obtain tea, coffee or oil. Suffice it to say that the price of a cup of tea at any hotel in the capital amounts to half a pound, which is a large sum of money for a Sudanese citizen. Thus, you can realize the impact of the termination of the monopoly on those items with reference to the ordinary citizen.

The third surprise was the Sudanese president's announcement that the constitution would be amended to include the approval and continuation of the regional government experiment in the same manner as in the southern region, which has full autonomous independence.

President Numayri also disclosed the fact that the people's national assembly has drafted constitutional amendments providing for the establishment of regional government.

It is a known fact that the Sudan, under the regional government experiment, is divided into six regions, each of which is administered by a local governor, a council of ministers and an autonomous administration, which directs the affairs of the region, but remains constitutionally subject to the people's national assembly.

With reference to the Ethiopian president's visit to the Sudan and his participation in the commemoration of the Revolution of May, AL-MUSTAQBAL was informed by reliable sources that the following points were brought up:

1. The Sudan explained to Ethiopia that it is neither possible nor permissible to solve the Eritrean question by military means. The futility of any military solution has been demonstrated as days have gone by.
2. The Eritrean crisis has become a burden for the poverty-stricken Sudan, with reference to humane, security and food supply consideration. There are over 300,000 Eritrean refugees, who crossed the borders into the Sudan and currently live among its own inhabitants, sharing their meager resources.
3. The Sudan suggested to Ethiopia a way to solve the Eritrean problem, on the pattern of the regional government in the south. The Sudan considers this to be a tremendously successful experiment in the south of the country, which--a few years ago--represented for the Sudan what the Eritreans today represent to Ethiopia. President Numayri gave the Ethiopian president a clear picture of the autonomous government experiment, and suggested that Ethiopia should follow its example with reference to Eritrea.
4. The Sudan suggested to Ethiopia to conduct peace talks at a round table conference between the Ethiopian regime and the Eritrean revolutionary staff. The Sudan proposed that Khartoum be chosen for this meeting, exactly as Addis Ababa, capital of Ethiopia, was chosen in 1972 to be the

site of the reconciliation between the Sudanese administration and the men from the south, who wanted to secede from the Sudan.

AL-MUSTAQBAL learned from both Ethiopian and Sudanese sources that Menigstu Haile Mariam's visit to the Sudan was crowned with success, that Addis Ababa will try to stop the bloodshed in Eritrea in the very near future, and that the Sudanese president will, in exchange for this, try to improve the image of the Ethiopian regime in the eyes of the Arab countries, which thought and still think that "Comrade Mengistu" is a communist decoy planted by the Soviets at the gate of the African horn in order to exercise pressure on the Gulf countries and threaten their security and their wealth.

Some people even assert that Haile Mariam has never been Moscow's man in the African horn, that he does not want to be one, and that all there actually was to it was that the internal problems of Africa had imposed a soviet influence upon him during the past.

According to the sources contacted by AL-MUSTAQBAL in Khartoum the situation has changed. In fact, some people assert that Mengistu's visit to the Sudan was the result of American efforts, and that there will be, within the next months, a marked rapprochement between Addis Ababa and some Arab countries, on one hand, and Washington, on the other. In both cases, Khartoum will be the sponsor of both the Arab-Ethiopian and the American-Ethiopian reconciliations. The purpose of all this does not escape the intelligent person, who knows how the game of the big powers is played on the international scene.

2693

CSO: 4802

## SUDANESE POLITICAL PRISONERS SIT IN JAIL WITHOUT TRIAL.

London AL-DUSTUR in Arabic 28 Apr-4 May 80 pp 10-11

[Article: "One Year Passed And Political Prisoners Still Await Trial In Numeiry's Jails"]

[Text] According to reports from Khartoum, the topic of elections and reconciliation with the opposition is not among the most loudly talked about topics nowadays. A whole year after the regime started its vast campaign of systematic repression, two statements have been issued, revealing the domestic terrorism currently prevailing in the Sudan. The first was broadcast by one of the underground stations of the opposition movement. The second was issued in London by the National Organization of the Sudanese People for the Defense of Political Freedoms and Solidarity with Political Prisoners and the Trade-Union Movement.

The first statement points out that one year has elapsed, during which hundreds of militants belonging to the Baathist, patriotic and progressive nationalist groups, as well as militant trade-unionist leaders, have been arrested, all those arrests being a part of a wave of hostility and spite directed against the Arab Socialist Ba'ath and its militants. That was the result of the outstanding militant part played by the party and the patriotic and progressive nationalist forces to oppose the position of the regime, which supports al-Sadat's national treason. That also was the result of the militant part played by the Ba'athists, the patriots and the progressive nationalists to arouse the movement of the masses, the people and the trade-unions. The militant activities of this movement have recently expanded significantly, its efficiency has clearly increased, and its methods have remarkably improved. It has rapidly advanced towards the unification of its resources, and its elements have become fused together within a clearly outlined fighting program with definite goals and objectives.

The militant vanguard of the sons of our people, has been packed by the regime within the dark depths of dungeons and kept in preventive custody without any legal or constitutional reason, this statement adds. Such an action on the part of the regime is in conflict even with its own laws, which already curtail freedoms and violate human rights, such as the



fascist state security law. This militant vanguard consists of the best sons and daughters of our people, who gave the most admirable examples of fortitude and resistance against the unfair and arbitrary measures of the regime. They gave the most admirable examples of courage, self-denial and self-sacrifice for the cause of their fellow countrymen and the country, as well as for the right of the masses of our people to play their part in building an independent and free country and establish the foundations of a patriotic and progressive nationalist society.

With their impressive perseverance within the prisons and the jails of the regime, this statement asserts, and the vicissitudes which they endure-- such as the lack of health care and facilities and the mistreatment which assimilates them with third-class murderers and criminals-- the militants are painting and weaving vivid pictures of fortitude embellished by unshakable faith in the ability of the masses to win the final victory over the forces of coercion, repression and reaction. These militants, are burning up the best years of their youth in order to light up the way of the fight of the masses and pave it with sacrifices and acts of heroism. Therefore, every male and female citizen in the Sudan, owes it to them to escalate the fight for their release and freedom.

This statement also mentions the prisoners' hunger strike. Overall solidarity was demonstrated by the masses of our people and our Arab brothers, as well as our friends in the rest of the world, vis-a-vis the heroic hunger strike undertaken by these militants on 28 November 1979, this statement says, to express solidarity with the people of Palestine on the World Day of Solidarity with the latter, reject the state security law and all emergency regulations restricting freedoms, and demand release from jail or a fair trial. The people's solidarity, manifested by a procession of the prisoner's families and relatives and petitions by the trade-union movement, led by the lawyers' association, requesting the release of political prisoners and the invalidation of the state security law, is bound to rise and spread in various ways and means to secure the prisoners' release and the invalidation of all laws which violate human rights and glorify dictatorship.

Scores of prisoners have been crouching in the jails of the regime for a whole year without any charges being filed against them and without facing any trial. There are scores of others who were tried in Madani, Niyala and 'Atbarah, but these have remained in custody without any court judgment being issued against them. By virtue of what logic or what law is the regime keeping these militants behind bars?

While these militants remain under arrest, facts were ignored and distorted by the previous and present attorneys-general as they denied the presence of political prisoners in their jails. Al-Turabi, the present attorney-general, lies when he sends lists to Amnesty International and mentions prisoners who have just been released, when they are still crouching in jails. Our mass, popular and trade-unionist movement, with its political organizations and its patriotic and progressive nationalist forces views the

question of the political and trade-unionist prisoners as a pressing and urgent matter. It knows that the way to obtain freedom for these militants is to expand its activity and efficiency, build up their case and bring it up at every legal, political and trade-unionist meeting.

The people's national organization for the defense of political freedoms and solidarity with political prisoners and the trade-unionist movement in the Sudan calls for an increased and escalating fight to secure the release of the political prisoners, all of whom have remained in jail for a length of time exceeding the six months and ten days specified by the fascist state security law with reference to preventive custody. Here is a list of some names and dates on which the people in question were arrested:

1. Muhammad 'Ali Jaddin, assistant undersecretary of state of the ministry of finance, arrested in January 1979. He was subsequently released and arrested again in April 1979.
2. 'Abd-al-Qadir al-Bar'i, primary school teacher arrested in April 1979. He had already been arrested twice at the time of the two primary school teachers' strikes.
3. Al-Nur al-Hadi Muhammad Fadl, railway engineer.
4. 'Abd-al-Mun'im Muhammad 'Abd-al-Rahman, inspector at the ministry of agriculture, arrested in April 1979.
5. Najm-al-Din Hashim Hamdullah, inspector in the ministry of agriculture in Niyala, was arrested in April 1979. He was taken to court, but no judgment has been issued to date.
6. Sayyid 'Ali Taha, teacher employed by the ministry of education, arrested in August 1979.
8. Madani Adam Madani, financial inspector of the Sugar Institute, arrested in August 1979, got an ulcer which ruptured and caused abundant bleeding.
10. 'Abdullah 'Ali, primary school teacher, arrested in April 1979.
12. Al-Dardiri Adam al-Zayn, weaving technician in Madani, was arrested in April 1979. He was subsequently taken to court, but no judgment has been issued to date.
14. 'Iwad Muhammad al-Hasan, radiologist in Madani, arrested in July 1979.
15. Shaykh al-Jilani, chemist at the geological laboratories of the ministry of energy, arrested in April 1979.
16. Haydar Muhammad Bandi, tax inspector of the ministry of finance, arrested in Niyala in June 1979.

17. Mu'awiyah 'Abd-al-Qadir, student at the Khartoum branch of Cairo University, arrested in Niyala in April 1979.
18. John Dole, of the Bata Company, arrested in August 1979.
19. Salim Abu Shush, security guard at the Japanese textile plant, arrested in August 1979.
20. 'Umar Mujahid Muhammadayn, inspector at the ministry of religious affairs and trusts, arrested in April 1979.
21. Hafiz Haydar, primary school teacher, arrested in April 1979.
22. 'Izz-al-Din al-Tayyib, official of the Real Estate Institute, arrested in April 1979.

[The following appears in box at the end of the article]

Appeal from the People's National Organization for the Defense of Political Freedoms and Solidarity with Political Prisoners of the Trade-Unionist Movement in the Sudan.

The national organization "Amnesty Sudan" invites all organizations, agencies, institutions, trade unions and all fellow citizens, as well as individuals interested in issues concerning freedom, to express their solidarity with the political prisoners and the trade-unionist movement in the Sudan by sending telegrams and letters demanding the release of detainees and persons convicted of political crimes to:

Field Marshal Ja'far Numayri, Presidential Palace, Khartoum.

Maj Gen 'Umar Muhammad al-Tayyib, head of the National Security Agency.

Mr Hasan al-Turabi, attorney-general.

Mr Khalfallah al-Rashid, chief justice.

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